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*** IMF Representative Views Czech, Slovak Economies**

93CH0600A Prague *LIDOVE NOVINY* in Czech
20 Apr 93 p 6

[Interview with Jeremy Carter, permanent representative of the IMF in the Czech and Slovak Republics, by Petr Husak and Jiri Dolezal; place and date not given: "I Stand on the Side of the Czech Republic and the Slovak Republic in the 'Milk-Meat' Conflict"]

[Text] *LIDOVE NOVINY* discussed the comparison of economic development in the Czech lands as well as in Slovakia with Mr. Jeremy Carter, the permanent representative of the International Monetary Fund in the Czech Republic and the Slovak Republic [SR].

[LIDOVE NOVINY] The mission of experts from the IMF ended its recent visit to Slovakia prematurely. Why?

[Carter] The discussions the IMF is conducting with the political representatives of Slovakia have not yet been concluded. We established initial contacts with the Slovak side during the course of a short visit to Bratislava as early as 1992. That was followed by the 10-day trip you mentioned. During its course, we met with the principal representatives of the SR. The mission set itself two fundamental tasks. On the one hand, we wanted to ascertain the direction the economic developments here are taking and, on the other, we wanted to see whether we can find a common language in formulating the conditions for a financial program we could support. It was not a simple matter in either case. One of the reasons our Slovak mission ended prematurely is the fact that we wanted to give the representatives of the SR sufficient time to make their own decision on what they actually wished to accomplish and to stipulate the outlines for their own economic reform.

[LIDOVE NOVINY] What then is the economic policy of the Slovak Government in the view of the IMF experts?

[Carter] It is not as good as it should be. On the other hand, the Slovaks have set themselves an ambitious state budget that will be difficult to realize in the current economic situation. However, its fulfillment would be very difficult anywhere in the face of such serious problems. Slovakia is attempting to retain control over its own reserves and over its fiscal and monetary policy by the same method as is used by the Czech Government. In doing so, it has the right to its own views in formulating some steps of the economic reform. I am not capable of weighing whether, for example, Slovakia should be utilizing the coupon method in privatizing extensive state property.

[LIDOVE NOVINY] According to some Slovak representatives, the National Bank of the SR has at its disposal foreign exchange reserves amounting to only \$20 million....

[Carter] I do not know precisely how much money the Slovaks have. The Slovak National Bank objects by saying that the data presented by the minister of economics are highly distorted and do not reflect the actual situation. I do not know what the facts are, but I would be very surprised if the SR had high reserves. It appears to me that \$20 million worth of foreign exchange reserves is extremely low. There was very likely some distortion of data because, for example, there is a difference between the reserves held by the central bank and the overall reserves in the banking system. Be that as it may, there are signals that indicate that the foreign exchange reserves of the SR are not high.

[LIDOVE NOVINY] The value of foreign exchange reserves and the foreign exchange rate are connected. The SR's foreign exchange reserves most likely are declining, and the Slovak koruna does not appear to be devaluating, at least from outward appearances....

[Carter] Setting the exchange rate for a currency is always a very difficult thing. It is clear that, if an economy has growing problems such as those in Slovakia, the pressure on devaluation increases. Also, the general expectations of enterprises and of the population are important and can, in and of themselves, influence the rate of exchange to a great extent. It is not possible to state precisely what kind of rate of exchange Slovakia should use. It is also up to its economic policies. The tougher they are (provided some kind of foreign exchange reserves still exist), the stronger the rate of exchange can be. In the opposite case, if the economic policy is weaker, that will gradually show up in a lower exchange rate. However, every government may choose the economic policy it can afford.

[LIDOVE NOVINY] How would you look at things if you were the governor of the Slovak central bank, if your foreign exchange reserves were dropping and you were "maintaining the exchange rate"?

[Carter] I am not the governor of the National Bank of Slovakia. From the standpoint of the IMF, however, I would recommend to the governor that he maintain good relations with international financial organizations at all costs. That dialogue is very important for every state because it makes it possible to negotiate about resources that can be used, at least on a short-term basis, to augment its own financial reserves or can lead to consultations regarding recommendations on how those reserves can be increased. The more actively and more constructively the governments consult with those institutions regarding their problems, the more readily they can maintain harmony with respect to their own economic policy and the expectations regarding the conditions under which those institutions are willing to provide financial assistance. It also facilitates access to markets.

[LIDOVE NOVINY] In other words, can Slovakia expect assistance from the IMF?

[Carter] We are prepared to negotiate with Slovakia and to do so as quickly as Slovakia desires. The IMF, however, is not a money purse; it merely provides signals to banks for making in-country investments.

[LIDOVE NOVINY] Can you compare the course and results of the Czech and the Slovak reforms?

[Carter] For the time being, there has not been sufficient time to do a detailed separate evaluation of the reforms in both countries. Czechoslovakia has been divided for only four months. Nevertheless, certain signals can be compared. It must be realized that there are relatively large differences in the starting conditions for both economies. The Czech economy tends to benefit more from its great inclination toward the West; it does not rely so much on the East and generally has a well-timed financial program. The SR is solving far more serious problems. Their impact, in my view, will be relatively dramatic. The Czech Government is doing everything to bring about a consistent and clearly visible economic

policy. That is the reason it has a good reputation on an international scale. It has also earned it a high measure of trust among the public.

[LIDOVE NOVINY] How do you evaluate the measures taken by the European Community with respect to the Czech and Slovak Republics, on the basis of which the importation of our meat and milk products to the countries of the EC was unilaterally halted?

[Carter] The IMF always and under all circumstances asserts the principle of free trade and is opposed to any forms of protectionism. On the one hand, West Europe supports the reform efforts in postcommunist countries, but, on the other, it has its own problems, with which it must come to terms. I personally support the Czech and the Slovak positions in the dispute and believe that the EC should take into account the special situation in both of these countries during negotiations. Specialists from the IMF several times a year debate with their colleagues from the EC the problems having to do with eliminating barriers in international trade. We bring up the question of dismantling barriers to free trade at virtually every negotiating opportunity.

*** First, Second Privatization Waves Examined**
93CH0589A Prague EKONOM in Czech 21 Apr 93
pp 25-27

[Article by Vladimir Maly: "First Privatization Wave: Will We Learn?"]

[Text] Slowly, albeit with certain problems caused by the government's decision to hold up the transfer of shares to the participants in coupon privatization, its first wave is ending and the second wave poised to begin. That gives us an opportunity to weigh the present laws governing coupon privatization, to take advantage of the experiences from the first wave, and to produce a timely legislative solution of the existing problems.

Without a doubt, it will be necessary not only to amend Law No. 92/1991, which stipulates the conditions for the transfer of state property to other persons, and the wording of Law No. 92/1992, Law No. 264/1992, and Law No. 544/1992, but also to issue a new government decree that will determine how investment coupons will be issued, how much it will cost to acquire them, and how they will be used.

Problem of Indirect Investing

Worth thinking about, first of all, is the manner in which investment coupons are to be used—in particular, use of them by the so-called indirect investors (people who do not use the coupons directly to acquire shares of corporations included in the coupon privatization wave in question).

Experiences with indirect investing during the course of the first wave of coupon privatization raise several basic questions, namely:

- Is the existing way of indirect investing the only possible one and the only right one?
- Is the relationship between the investment fund and the indirect investor sufficiently adjusted in the interval between the time the investment points are turned over and the time the shares of the investment fund are transferred?
- Which entities that provide services to indirect investors should participate in the second wave, and what should their legal status be?

Question of Annual Shareholder Meetings

One of the basic problems of indirect investing is the fact that indirect investors become shareholders of corporations designated as investment privatization funds [IPF]. The consequence of this fact is that an IPF is obliged to call annual meetings of at least several hundred, but, as a rule, of several thousand, tens of thousands, or hundreds of thousands of shareholders. The costly annual meeting then "eats up" some of the possible future dividends because it is a cost that lowers the total profits.

Although it is true that shareholders can let themselves be represented at the annual meetings by only a few entities, it is a right but not an obligation on the part of the shareholders. Another question is how much interest IPF shareholders will have in the annual meetings, given the fact that shares are widely dispersed, because obviously none of them will have a controlling number of shares. Also, the majority of indirect investors clearly turned over their investment points to the IPF so that they would not have to worry about their financial investments and were not interested in actually participating in the IPF's entrepreneurial activities.

In view of the above-mentioned reasons, I believe it would be worthwhile considering increasing the number of possible ways indirect investors could use their investment points and enable them to acquire not only shares of the investment funds that will take part in the second wave of coupon privatization but also share certificates in mutual funds.

Mutual Funds

It means that not only the investment funds could participate in coupon privatization but also investment companies, which would pool investment points in mutual funds and use them to acquire shares of corporations included in the second wave of coupon privatization. The shares thus acquired would then be made into a mutual fund portfolio, and the investment companies would turn over to the indirect investors share certificates in the mutual fund, not shares. That would save the cost of calling annual shareholder meetings, and the acquired shares of corporations would be the joint property of the indirect investors, which the investment company would merely manage. An added advantage to such indirect investors, who would have the status of shareholders under Law No. 248/1992, would be the fact that shares acquired for investment points would not be the property of the investment company but of the investors, and, in the event the company goes bankrupt, the shares would not be part of the bankruptcy assets.

A certain disadvantage, which, however, from the point of view of coupon privatization is negligible, is the fact that the assets in the mutual fund cannot be used for investments other than investments in commercial papers.

That solution is basically made possible even today under the law on investment companies and investment funds (Law No. 248/1992 in the wording of Law No. 591/1992), Section 2, Paragraph 5, which states that, for the purpose of this law, investment points are considered financial means, and no difference is made between an investment company and an investment fund.

An alternative solution could be an amendment of the law on investment companies and investment funds, which would make it possible for investment funds to issue founder's shares and investor's shares. The investor's shares would not have the voting right attached to them; however, the shareholder would have the right to

sell back the shares to the investment fund under conditions determined by law. The difference between this version and the previous one is that the shares acquired by the investment fund for investment points are its property, and the financial means gained from their sale can be invested in valuables and real estate, or in silent partnerships in the businesses of other entrepreneurs.

Right To Decide

Understandably, it is not possible to force an indirect investor into a position where he will not have the right to take part in the decisions of the fund; on the other hand, the law should not rule it out, and the decision should be left to the investor. This right should extend even to investors from the first wave of coupon privatization, by having the law expressly make it possible to change the existing IPF's, according to the decision made at the annual meeting.

The pertinent provision of the law could say that the investment points can be used to participate in the investment funds or to participate in the assets of the mutual fund managed by an investment company. Such a formulation would allow the creation of two kinds of investment funds. The indirect investor could therefore choose between turning over his investment points to a "traditional" investment fund that issues only one kind of shares (all with the voting right attached to them), to an investment fund that issues to the indirect investor "investor's shares," or to an investment company that will pool them in a designated mutual fund.

Whose Shares?

In any case, the government decree should say clearly (if the investment points are turned over to the investment funds) to whom the shares thus acquired belong. The existing legal provision states that the IPF buys the shares for the owner of the investment points and uses them to increase its capital. The answer to the question of whose property the shares are is important because the method of increasing the capital depends on it.

Moreover, in this case, the increase of capital is specific enough that it should be expressly adjusted as a deviation from the general designation contained in the commercial code because not even one of the methods stated in it corresponds to the specific conditions of coupon privatization.

One possible solution (probably closest to the actual course of events) would be to construe the increase of capital as a special kind of subscription of shares of a corporation. The law could contain the construction that the transfer of investment points to an investment fund is considered to be a subscription of shares according to Section 203 of the Commercial Code at par value, which will be determined by the share in the value of the stock the investment fund acquired for all of the investment points entrusted to it. This share would be determined according to the ratio of the points turned over by one investor to the total number of points turned over to this fund.

Further, the government decree (or the Ministry of Finance on the basis of statutory powers) should clearly determine at what value the investment fund (or the investment company for a mutual fund) should carry the acquired share on their books, on both the asset side and the debit side. The present adjustment treatment does not solve this problem, and the Ministry of Finance has no statutory powers under which to regulate the process. It can only issue nonbinding recommendations.

Shares and Accounting

It should therefore be clearly stated whether, on the asset side, the acquired shares will be valued at par value or at another value. Then it must be determined how this quasi-market value is to be set, or by whom and how it is to be set, so that the rules of the game are clear from the beginning.

Further, it should be established how the acquired value will be projected on the debit side. In my opinion, the best solution would be to divide the value of the acquired assets between the capital and the capital fund (if the process of turning over the investment points is considered a subscription, this would be an underwriting agio)—that is, the net worth—under the condition that either a government statute or the Ministry of Finance under statutory powers will set the rules for dividing the acquired assets between the capital and a capital fund. Even that must be clearly stated, in my opinion, before the start of the preround stage, so that both the indirect investors and the investment funds know from the very beginning where they stand and can direct their investment strategy accordingly.

Today, the investment funds are faced with the problem of how to proceed so as not to break Section 17 of statute 363/1991 in the wording of statute No. 69/1992. According to Section 17, the investment funds are obliged to use the acquired shares to increase the capital, but, at the same time, they are obliged to issue to every owner of the investment points they received, shares at par value, which corresponds to the ratio of the investment points of each investor to the total number of investment points transferred to the fund. If the funds use the entire value of the acquired shares to increase the capital, it is basically out of the question to set such a par value on the shares that would make the par value of the shares transferred to the investor correspond to the ratio of his points (that would mean issuing shares in halter value, and even that would not always help). It is therefore essential to use some round figures and divide the value of acquired shares between the capital fund and the basic capital. But it is not entirely clear from Section 17 whether that is possible. The final word in the case of a dispute between an investment fund and indirect investors would belong to the courts.

The present legal norms do not explicitly determine the fate of an indirect investor in the event an investment fund is extinguished without a legal successor before it increases its capital. Basically, the Ministry of Finance

cannot at this time take away the permit of an investment fund that is breaking the law. The law should therefore determine what the legal status of the indirect investor is from the time the investment points are turned over to the time the fund turns over shares to the indirect investors.

Indirect Investors for the Second Round

The last round of deliberations concerns defining the circle of entities through which a citizen can invest in the second round of coupon privatization. In my opinion, there is no substantial reason to totally exclude the existing entities from the second round, as long as the limits set in Section 24 of Law No. 248/1992 are observed. Moreover, the existing IPF's have already had to adapt themselves to the law on investment companies and investment funds, so that their legal status is clear. Therefore, all that would be needed (provided such an alternative is approved) would be to legally adjust the participation of investment companies by establishing mutual funds specifically for that purpose. That, however, has already been made possible by Section 2 of Law No. 248/1992.

Just as there is no substantial reason not to allow the existing investment funds or the investment companies into the second round, there is no reason not to allow the establishment of new investment funds for that purpose. At the same time, however, in my opinion, there is no reason the new funds should be established other than according to Law No. 248/1992. In 1991, the situation was different; no law on investment companies and investment funds existed. At the present time, however, the creation of investment privatization funds, whose adjustment treatment would be made only by an incomplete adjustment treatment in a government decree, is not substantially justified, and their legal status would be quite unclear. It would be basically a step back because the IPF's, from the first wave, were enjoined to change themselves into investment funds according to Law No. 248/1992.

* Germany Blamed for Construction Industry Crisis

93CH0590C Prague *EKONOM* in Czech 21 Apr 93
pp 46-47

[Article by Jaroslav Hejkal: "A Monkey Wrench in the Works—On What Is Causing Serious Worries for Czech Construction Companies"]

[Text] Many Czech entrepreneurs in the construction industry have developed more worry wrinkles on their foreheads because they cannot fulfill the contracts they made with their German partners for the delivery of construction work. As a result, they are suffering considerable economic losses that could multiply in the coming building season. Let us therefore try, together with Dr. Herbert Marek, manager of the Association of Construction Entrepreneurs in the Czech Republic [CR], to trace

the circumstances and causes of this undoubtedly serious problem, in which many of our construction firms find themselves and search for possible ways to resolve it.

Coming Out Ahead

After 1989, an overall decline took place here in public, residential, and industrial construction. The capacity of our construction industry, which for many past years appeared to be inadequate, gradually began to exceed real domestic demand. On the other hand, the opening of our western borders presented entirely new possibilities for our construction firms. They received offers especially from German construction firms to help them with their newly available capacities to fulfill their increasing orders in Germany, particularly in infrastructure car-cassing. The emerging possibility of mutually beneficial cooperation was affirmed more than two years ago by an agreement between the FRG and the CSFR Government. According to it, our construction firms could export annually to Germany construction capacities totaling up to 8,500 workers on the basis of the so-called performance contracts.

Both governments agreed on this yearly strict limit of construction workers employed by Czech and Slovak construction firms in Germany in order to respect the situation and needs of both states. The German Government, primarily to protect the jobs of German construction workers and our government in order to ensure sufficient capacity for the future, gradually revived demand on our domestic market. In addition, both governments agreed on the conditions under which the performance contracts would be fulfilled.

One can say that the agreement allowed the construction firms on both sides to come out ahead. Our entrepreneurs in the construction business were able to begin using their excess capacity in Germany, whereas the German construction firms had the possibility of obtaining deliveries of construction work to cover orders, mostly with economic advantages to both sides.

Appetite Is Growing, but...

It is no wonder, therefore, that the interest of our construction firms as well as the German ones in the mentioned form of cooperation has gradually exceeded the limited scope allowed by the mentioned intergovernmental agreement. Consequently, it had to be coordinated on both sides. This was done by setting quotas for the number of workers our firms are allowed for individual specific construction jobs in Germany. In the former CSFR, this came under the jurisdiction of the FMZO [Federal Ministry of Foreign Trade], which set up a special commission for that purpose. Without a permit to draw on the quota of the work permits, no performance contract between the German and our construction firms could go forward.

Moreover, a work permit was not issued until a performance contract was approved by the appropriate Land Labor Office in Germany. And that office did not

approve the submitted contract without the mentioned approval by our FMZO to use the quota, so that, without its approval, the German labor office in whatever region could not in turn issue a work permit to individual workers. On the basis of this procedure, our firms could then fulfill their contracts made with their German partners. Last year, for example, more than 200 Czech construction firms received permits for 502 construction projects for 7,025 workers, for an accumulated total of 2,433 months. Of that, 403 were construction jobs, and the rest involved other kinds of work, such as restoration, plastering, and carpentry. In spite of that, the interest of construction firms to obtain permits to engage in that kind of cooperation could not be satisfied by any means, in view of the limit set on the number of workers.

Prohibition That Does Not Please

For that reason, the Association of Construction Entrepreneurs in the CR has been actively seeking, since the beginning of last year, an increase in the quota for work permits agreed upon by both governments. However, in spite of the promise by Chancellor H. Kohl during one of his visits to Prague, we did not succeed toward our goal. On the contrary, in the middle of October of last year, the Federal Ministry of Labor stopped issuing all work permits for new construction works by our firms in the FRG because the quota was exhausted—and that in spite of the fact that the former CSFR had the lowest quota in the FRG of all of the East European countries.

Many Czech construction firms, which since 1991 have built up at great expense bases in the FRG for this activity, were put into a very unpleasant situation by this prohibition because now they cannot put them to sufficient use. Moreover, they now face the danger of losing a considerable part of this year's building season as well as the confidence of German construction firms in further cooperation. And the impact this prohibition will have on the entire Czech national economy is not negligible, either. After all, it is estimated that our foreign currency earnings flowing from this form of cooperation were about 150 million German marks, while the taxes paid by our firms into our treasury are also something to consider. Moreover, this prohibition leads to an increasing effort among our skilled construction workers to work directly as itinerant workers for German firms, which further damages the interests of Czech construction entrepreneurial firms and, in fact, the interests of the entire state as well.

After identifying all of these circumstances and bad consequences, we asked Dr. Herbert Marek, who handles, among other things, these problems for the Association of Construction Entrepreneurs in the CR, the following questions:

[Klanova] How do you view this matter, which for our construction firms has so far meant "a monkey wrench thrown in the works"?

[Marek] It is true that many of our firms have been helped considerably by these work orders. They gained

experience by working on construction jobs abroad and familiarized themselves with the local technology, norms, and customs. At the same time, they earned the means for buying the necessary equipment and mechanization. And the influx of money, which helped resolve their insolvency problems resulting from the stagnation in our market, was also important. Therefore, I fully understand their concern about what will happen next, particularly on the part of those firms that built expensive facilities in the FRG and now are afraid of losing the business connections. Our Association of Construction Entrepreneurs in the CR has taken a number of steps aimed at allowing our firms to continue working in the FRG within the framework of the performance contracts. For example, the president of our Association discussed this matter with representatives of the Czech Government and also with the involved agencies in the FRG.

[Klanova] And is there hope that the situation will improve for our firms?

[Marek] Toward the end of March, negotiations took place at the licensing department of the Czech Ministry of Industry and Trade with representatives of the Federal Ministry of Labor and Social Affairs. We were hopeful that the existing critical situation will be resolved there. But the negotiations did not bring a satisfactory result because they ended in the following decisions:

The stop order on restoration work on buildings designated as historic or protected national treasures will be lifted on 1 May 1993. As far as construction work is concerned, it will continue and is not expected to be lifted until June or July. This decision unfortunately disrupts the building season for our firms and harms the good relations with their German partners, who expected our firms to begin new work projects there in April, at the latest.

[Klanova] What can we expect to happen in the future?

[Marek] It was agreed that altogether 2,410 work permits, of which 1,510 will be for construction work, will be issued to Czech firms within the framework of the performance contracts. The proposal, which is still subject to the approval of both governments, assumes that it will be possible to employ in the FRG an additional 610 of our workers in small and medium-size enterprises, as well as 170 workers on restoration work. As an exception, it also considers the possibility of employing 1,950 workers in construction, which, however, has a time limit of 31 December 1993.

* Ralsko International Cargo Airport Problems

93CH0589B Prague EKONOM in Czech 21 Apr 93
pp 43-44

[Article by Alena Adamkova: "Project Ralsko—Without Mutual Agreement, It Will (Probably) Not Be Possible"]

[Text] In the middle of March, a considerable furor was caused by events revolving around the announcement of the result of an international competition for a project designed to use the military area Ralsko (at the same time, the use of the Mlada-Milovice site is also being planned), the reason being that the evaluating commission did not recommend to the government the thus-far favored project of the corporation Svobodna zona severni Cechy [Free Zone Northern Bohemia], but a mostly unknown project of the Waldstein Corporation, established by cousins of the same name, descendants of the here very-well-known aristocratic family. Since that time, the champions of both projects have been waging, especially in the media, a hard fight, using arguments of all kinds. We were interested primarily in the specific content of the competing projects and how they compare. We also listened to the mayors of communities and towns situated in the vicinity of the involved site, as well as to the chairman of the evaluation commission.

The reason for the furor, as a result of which the Free Zone Corporation, which has been working on the project for more than a year and in which it invested a lot of money, did not win, was primarily the discrepancies in its purchase from the Soviet army of the real estate in the mentioned area. There were also reservations about the founders of the company—especially the former minister of defense, Vacek, whose firm, Victoria, owns 5.4 percent of shares of the Free Zone Corporation. (The main stockholder is the firm ENC, a consulting and financial company that grew out of the Association of Christian Entrepreneurs and Managers, whose owner is Eng. Jan Fabianek, a former employee of the Federal Ministry of Economy.) Also somewhat unclear and concealed, according to various sources, is the origin of the money used to buy the property; a total of 180 million korunas [Kc] was paid for it. (According to the Free Zone representatives, they gained financially from the credit granted by the Investment and Credit and Industrial Bank). More than Kc200 million was allegedly involved. The legality of the acquisition of the property is now being verified by the Ministry of Control.

Did the Project That Was Really Best Win?

However, according to the chairman of the evaluating commission and Deputy Minister of Economy Eng. Stanislav Zalud, the question of property rights played no part in evaluating the competition. It will become important only in the implementation phase of the project. The commission set for itself six main criteria—ecological, economic, town-planning, social, implementation, and broadly general—and, according to him, they were strictly adhered to during the judging. In the Ralsko case, the town-planning criterion and the overall concept were of top priority because in question is an enormous site of 250 square kilometers in area, relatively sparsely settled and with an extraordinarily preserved natural environment. It was precisely the Waldstein project that offered, in the view of the commission, the most comprehensive plan and that evaluated the possibilities of using that area the best. It was designed absolutely with

a view to preserving the extraordinary natural values (that is probably the least devastated area in the interior of the Czech Republic) and did not succumb to grandiose ideas.

A totally different opinion of the objectivity of the evaluation is held by the mayors of the communities involved, specifically Ralsko, Straze pod Ralskem, Mimone, and Zakup. They definitely prefer the project of the Free Zone Corporation (with the exception of the mayor of Doksy, who is a proponent of the Waldstein camp). There are several immediate reasons for it: Free Zone North Bohemia has cooperated with them from the beginning, offered them shares of the corporation (the towns own between 1 and 2 percent of the Free Zone shares), and made energy, ecological, transportation, and developmental studies for the individual towns, the value of which exceeds the paid-in capital of those towns and communities. Last but not least, it also made plans to utilize the production capacities that will become available after the expected cutback in the uranium industry and to create new job opportunities even outside the military site.

What the Mayors Want

The mayors think that, in judging the competition, the political aspect was taken into consideration too much, and they are also dissatisfied with the way the start of the project's implementation is being delayed. In the meantime, most of the buildings in the area that fell to the communities' share are deteriorating, thanks partly to the weather and partly to light-fingered people. It is estimated that, during the course of this winter, the value of the buildings fell by Kc100 million. The total moratorium on building in the entire area also presents a problem. The mayors are therefore asking the government to decide as quickly as possible to choose a comprehensive solution that would also take into consideration the expected cutback in the uranium industry (which employs 4,700 people, but a great number of others work in directly related activities), so that they could familiarize themselves with all of the evaluated projects and comment on them. They are also afraid that the year-long work of the Free Zone as well as of the towns and communities will be wasted, that it will be necessary to start again from zero, and that the implementation will again be delayed.

Ralsko Center of an Air Bridge?

What then, in fact, does the so-much-discussed project of the Free Zone contain? There are altogether six development plans. The key project is the so-called cargo airport, which should become, as we were told by representatives of the company, a component of the planned air bridge between America, Europe, and Asia. It is said to be an American-Russian project, designed to interconnect by air, after the fall of the Iron Curtain, the thus-far unreachable territories. Free Zone was contacted, according to the deputy chairman of the board, Colonel Zdenek Zbytek, by the Russian Ministry of Foreign

Trade through the Russian Embassy, which knew that Free Zone was buying up buildings on the former military site. The creators of the project are said to be looking for a suitable airport in Central Europe, and they liked airport Hradcany in particular because of its strategic location near the German and Polish borders.

The airport, which is to serve mainly for container transportation, should be suitably coordinated with the Ruzyně airport, where considerable expansion is planned. Financing and participation in the project were promised, according to Col. Zbytek, by the U.S. firms Westinghouse, Brown and Root, and Johnson Controls, which would invest altogether \$5-7 billion here. The airport is planned in two versions—in its present form and one expanded by twice 500 meters (in that case the total length of the runway would be 3.5 km). The second version would enable landings by even the largest cargo planes with full loads.

According to the Free Zone project, the airport should be linked to combined transportation capacities by road, railroad, and river, but the plan to build a four-lane highway across the entire territory was dropped, and only the expansion of the connection Mimon-Mnichovo Hradiste and its link to the expressway Prague-Turnov is being contemplated. At the same time, there is a plan for extensive warehouse facilities (a creation of a duty-free zone is expected) to be located in the former underground hangars. The project also proposes the creation of several industrial zones, mostly located outside the former military site. Within the site itself, only one industrial zone would be created, in Kurivody. This would involve mostly assembly work.

How To Combine the Uncombinable

At the same time, the Free Zone project intends to preserve the natural riches of the entire territory (which, however, looks somewhat unrealistic in combination with the airport), expand the number of nature reservations, carry out decontamination of the water and soil contaminated with oil products, and remove the mines (the scope of the pyrotechnic work is, according to Z. Zbytek, generally overestimated; Free Zone estimates these costs at Kc80 million).

Other activities are to be in agriculture and forestry. It is expected that the Army Forests and Farms Mimon, to which most of the land that is not built up currently belongs, will be converted into a privatized, organizationally integrated, large forestry-agricultural estate. That should be suitably combined with international tourism aimed at active recreation. The project proposes to build golf courses and tennis courts, recreational and rehabilitation facilities, and so forth.

The entire project is divided into three stages, and total costs are estimated at Kc150 billion, with Kc50 billion to be invested by the year 1998. Payback period for the first and second stage (assuming comprehensive use) works out at seven to 10 years. To carry out the project, a public capital investment and development company is

expected to be created, with international participation by large consortiums of banks (the financial leader of the project, however, should be the Investment Bank) as well as by Westinghouse and Brown and Root.

Negatives...

The main objection to this project, besides the unclear property rights involved in the purchase of the real estate, is the disputable plan to build a cargo airport, which is generally considered to be unrealistic. The world is said to be able to support only a very limited number of transfer airports, which mostly must also handle personal transport. Airports in Frankfurt am Main, Munich, Berlin, Budapest, and Ruzyně are being expanded at this time, which represents considerable competition. Few believe that foreign capital would actually finance the construction of such an airport. It is also questionable whether it is at all possible to couple environmental protection and tourism with the construction of a large airport combined with many related activities.

...And Pluses

A plus, on the other hand, is the plan for utilizing the now free production capacities of the uranium industry and for the development of neighboring towns, which goes beyond the framework of the competition. Another plus is the fact that considerable construction is already in progress on the project, which means it could be quickly realized, as could, possibly, some industrial activities in the purchased structures immediately after the building moratorium is lifted.

Waldsteins Want To Preserve Nature

The project of the Waldstein Corporation is almost a total opposite of the Free Zone proposal. The Waldsteins are descendants of a family that in the Middle Ages settled this territory and that today claim restitution of four chateaus in the vicinity of as well as inside the area Ralsko-Bela pod Bezdezem, Kurivody (inside), Mnichovo Hradiste, and Doksy, part of the forests and land, and Machovo Lake. All of this property belonged to the grandfather of the co-owners of the Waldstein Corporation, Carl and Alexander Waldstein. The project emphasizes the preservation of the untouched natural character of the entire area. Therefore, it proposes to use it primarily for tourism and recreational purposes (the building of hotels, sanatoriums, various playgrounds, campsites, and so forth). It is estimated that, in the area of tourism, there should be jobs for approximately 3,000 to 5,000 people, which corresponds to the present capacity of the uranium industry, and, at the same time, some unpolluting industries would be placed here (textile production, assembly plants, maybe high-tech), which would provide employment for people in the off-season. In contrast to Free Zone, it proposes to shorten the airport runway and use it only for small sports planes. Carl Waldstein thinks there are far better

conditions in Milovice to build a cargo airport, and, moreover, the runway in Ralsko is too narrow.

Water From Ralsko to Prague?

A key project is the pumping of drinking water from extensive aquifers and delivering it to Prague in a volume of roughly 50 liters per second. Of course, the Prague waterworks are not interested in this water because of the great distance from its source (about 100 km), and, besides, it is obviously considerably contaminated by aircraft fuel. The firm KAP, which won the bid for the decontamination of the former military site Ralsko, estimates the extent of the contamination at about 3,000 cubic meters of aircraft fuel per 490,000 square meters of soil, which will require costs for cleaning it up of about Kc2-5 billion. (This year only Kc20 million has been allocated from the state budget for this purpose.) Also, it is not known whether the aquifers will really become the property of the Waldsteins, but, according to C. Waldstein, that fact should not be a barrier to the entrepreneurial plans. But the project for delivering drinking water is, as is obvious, somewhat utopian.

Without Government's Help

Financial outlays for the realization of the total plan (including the buildup of the tourist industry) are estimated by Carl Waldstein at 11 billion Austrian schillings. That money would be invested here by the Austrian firms Maculan and Hild, a construction and waterworks company, which would at the same time join a corporation established for that purpose. The Waldstein Company does not intend to ask the Czech Government for any money (for example, for decontamination)—only for various preferences and assistance, like obtaining cheap loans, and so forth. The main part of the project should be paid for in six years and the rest in 20-30 years. The Waldsteins are allegedly not interested in quick

profits, but primarily in a harmonious development of this area, to which they have historic ties.

Fight for the Ponds

In addition, they worked out a competitive privatization plan for State Fisheries Doksy and are interested in buying the entire system of local ponds. If Machovo Lake is returned to them, they will use it for fishing purposes only, and recreational use will be up to the community office in Doksy. The Waldstein project adheres strictly to the bid and therefore does not plan to develop neighboring towns or provide a solution to the impact of the uranium-industry cutback.

The Waldsteins do not reject cooperation with Free Zone a priori, but first it is necessary to investigate the legality of the purchases of the properties in the former military site and the clean origin of the money used for that purpose. Free Zone is also willing to deal with the Waldsteins. Obviously, that will be necessary and efficient, even though the two projects differ considerably. Such cooperation is assumed also by the Ministry of Economy in its proposal for the future course of action in revitalizing the military area Ralsko, which it submitted to the government for approval. In it, the government recommends the establishment of a public development company open to all, even to foreign investors. So far, it is not clear whether the state would have a share in it, either directly or through the communities. But, before anything can be done, an area plan must be worked out (that was contracted for with Terplan, which is to incorporate the winning project from the competition into it), and the ownership rights and financial guarantee of the project must be verified. In the interest of stopping the devaluation of the buildings in the Ralsko area, it is to be hoped that everything will be ready as soon as possible so that the implementation of the project can begin. Emotions should be set aside. Then, the joint effort of the Waldstein Corporation and the Free Zone Corporation could work to the benefit of all.

*** Members of National Radio TV Council Profiled**
93EP0244A Warsaw WPROST in Polish No 16,
18 Apr 93 pp 75-76

[Article by Wieslaw Kot: "A Partisan Council: The Members of the National Radio and Television Broadcasting Council Will Focus Chiefly, During the Coming Electoral Campaign, on Obtaining Antenna Space for Their Own Parties"]

[Text] "The law's intent is that the National Radio and TV Broadcasting Council be responsible for anything that happens in the ether," Marek Markiewicz, its chairman, declared. In practice, however, it was much easier in the Sejm when voting on the membership of that council to combine the votes of the ZChN [Christian-National Union] and the "postcommunist" Polish People's Party in order to eliminate the candidate of the Polish Convention Party than to formulate even one sensible concept of the place of the new council in the structure of the media.

Above all, the idea of the "council of prominent public figures" that had been hoped for as late as last February, when the Council for Culture, under the president of the Republic of Poland, proposed Tadeusz Konwicki, Ewa Letowska, Andrzej Szczypiorski, Andrzej Wajda, Edward Pallasz, and others for that role, was dropped. The ecological lobby associated with the Belweder also nominated Ewa Simonides, known for her numerous ecological initiatives. Sejm deputies, in their turn, mentioned the names of Krzysztof Zanussi, Gustaw Holoubek, Kazimierz Kutz, and Kazimierz Deymek. Only such a group would assure a mature and impartial interpretation of the provision prescribing "Christian values," while, at the same time, requiring a critical selection of the products of Western pop culture for public television. Above all, only such a group would at the same time represent a group of negotiators credible to the West in the present period of the inclusion of Polish mass media in the world information system. A council composed of such figures would also make it easier to decide on matters relating to the presence of the Berlusconi group in Poland or to resolve the controversies about commercials (for example, the rejection by the Zet, Trojka, and Wawa radio stations of the commercials plugging the film "The White Marriage" by Magdalena Lazerkiewicz, based on the famous play by Tadeusz Rozewicz). Only a council with such members could moreover settle religious disputes such as that launched by the Catholic periodical SLOWO, which objected to the broadcasting of a program about Jehovah's Witnesses "in a Catholic country" on Good Friday. But neither the Sejm, the Senate, nor the president proposed any of the candidates suitable for such a situation.

Also dropped was the idea of a "council of professionals," of longtime media executives, which seemed to be heralded by the proposals to nominate as council members, for example, Karol Jakubowicz, the former head of Polish Television; Janusz Zaorski, the recent chairman

of the Radio Committee; and "Free Europe" reporter Maciej Wierzynski. A council consisting of such members could, above all, contribute to settling the legal aspects of our cooperation with Western television networks. It could oversee the modernization of the facilities of broadcasting stations and streamline the unwieldy institution on Woronicza Street [main offices of Polish Radio and Television in Warsaw]. It would then be easier to take a position on, for example, the establishment of the Polonia television station to serve Poles living abroad because it turned out that the government television authorities not only do not anticipate any revenues from such a station but also have failed to even carry out a marketing study among Poles abroad to find out whether it is needed at all. The only provision they made in that respect was to request viewers to notify their relatives abroad about the new Polonia TV station.

Professionals would also find it easier to decide on frequency allocation in a situation in which at least several stations will be competing for just one free national TV channel, and the Ministry of Communications has already been swamped with 600 applications for radiobroadcasting licenses. Similarly, professionals would find it easier to solve the problem of unlicensed broadcasting stations that are currently applying for licenses along with newly established stations standing on the "start line" of the "legal" market.

However, the idea of a council of prominent arts figures or professionals was dropped in favor of a political variant of the council to consist of members selected according to party affiliation.

Olga Lipinska has termed this new politicized body "a miniparliament, formed according to party affiliation and not to professional expertise, where political jockeying will replace the resolution of basic issues." Kazimierz Kutz believes that the council "reeks of old-style party-mindedness, with a communist genesis. It will be surrendered to the hands of professional windbags incapable of doing anything other than talking twaddle." Unfortunately, it looks like Kutz is right because the council consists largely of politicians with just cursory experience in the media, where they held administrative rather than journalistic positions, which they often abandoned without regret in order to continue their political careers.

Presidential nominee to the council Maciej Ilowiecki (58 years old), a longtime columnist for POLITYKA and PROBLEMY, is just barely coping on the free media market. Under his leadership, the Association of Polish Journalists has not gained any great cachet among the journalistic community, and neither is the weekly SPOTKANIA, of which he was first editor in chief, doing too well. Ilowiecki feels best in the role of a critic of Jerzy Urban and an ideological ally of Jan Olszewski, with whom he is cofounding the "Civic Institute."

Another presidential nominee to the council, Ryszard Bender (61), a professor of the social teachings of the

Catholic Church at the Catholic University of Lublin, had gained editorial experience only at that university's ROCZNIKI HUMANISTYCZNE, at the monthly CHRZESCIJANIN W SWIECIE, and at the weekly LAD. His political balancing act is characteristic: He was among the heads of the Polish Catholic Social Union, which, in 1982, joined PRON [Patriotic Movement for National Rebirth]. He was a Sejm deputy in 1985-89 and, in 1991, was elected to the Senate on the list of Electoral Catholic Action. During the administration of Prime Minister Olszewski, he proved to be a zealous advocate of "lustration."

Another member of the council, Lech Dymarski, a Sejm appointee, has had a tumultuous past: He was a poet-oppositionist in the 1970's, when he was published in PULS, ZAPIS, and the Paris KULTURA and frequented the best salons of the opposition. He paid for his membership in Solidarity's National Coordinating Committee in 1980 by being interned [under martial law] for a year. It got worse for him when OBSERWATOR WIELKOPOLSKI, an underground periodical that went legitimate in 1990, was introduced into the free market media. The circulation of that publication dropped, and it went bankrupt. In addition, while Polish Radio and Television was under the direction of Terlecki, Dymarski headed its information programs for a short period of time and without success. Recently, he has become known for his political activities on behalf of the Movement for the Republic.

Still another member of the council, Andrzej Zarebski (36), began to be active in the opposition as early as 1978 and, in 1981, was editor of the Information Service of Solidarity's National Coordinating Committee. His activities in 1980 as one of the Gdansk liberals bore fruit in his appointment to the post of government press spokesman for the administration of J.K. Bielecki. His experience in the media included cooperation with Gdansk television and TYGODNIK SOLIDARNOSC, and directing the TV series "The Guests of Andrzej Zarebski," shown by Warsaw Television.

No media experience whatever is reflected in the vita of Jan Szafraniec, designated by the Senate for membership in the council on the recommendation of the Christian National Union. Senator Szafraniec, a lecturer at the Bialystok Medical Academy and theological Seminary, is a former member of the Primate's Social Council and chairman of the Episcopal Social Council in Bialystok. The senator is known principally for his activities on behalf of a movement for propagating mental health, while, in the Sejm, on the other hand, he was known as the scourge of "Kazik," the author of the song "Poland Has Not Yet," which the senator, for the benefit of the public prosecutor, interpreted as a parody of the Polish national hymn. It is thus hardly surprising that the recommendation of the Christian National Union stated, among other things, "We particularly emphasize Senator Szafraniec's fitness to represent the interests of radio and television audiences...."

The remaining members of the council include professional editors:

Marek Maciej Siwiec (38), of the Alliance of the Democratic Left, a physicist and journalist by education. Since 1984, an editor and, subsequently, editor in chief of the then practically unknown biweekly STUDENT, and the head of the editorial team of ITD since 1987—that is, in the declining stage of existence of that periodical. In 1990, Siwiec organized TRYBUNA, of which he was for some time editor in chief.

Senator Ryszard Miazek, of the Polish Peasant Party, has considerable, if one-sided, journalistic experience. For the past 20 years, he has specialized in farm problems; among other things, he was head of the Farm Section of Polish Radio and of a section at the monthly WIES WSPOLCZESNA, and, at present, is editor in chief of the quarterly WIES I PANSTWO. As a politician, he received brief publicity as the press spokesman for the administration of former Prime Minister Pawlak.

The professionally best prepared member of the council is doubtless Boleslaw Sulik (64), who has become a permanent resident of Poland only in the past two years. He emigrated in 1946 and subsequently completed studies in economics at Cambridge University and a course in film directing in London. He worked for the BBC for many years and was a film director for British television, as well. Sulik has also engaged in serious publicistic articles published in emigre Polish periodicals. Recently, upon being commissioned by the BBC, he directed the film "Inside Solidarity," which met with protests from the Belweder.

When, following their selection, the members of the council were briefly asked how they conceived their roles in the council, their answers diverged widely. Thus, Chairman Markiewicz stressed on television that he would begin by looking for office space for the council and funding for the salaries of its members. Andrzej Zarebski wanted to reconcile the provision prescribing "Christian values" with adherence to freedom of speech, and Jan Szafraniec pointed to the fact that television continues to broadcast programs that respect neither public mores nor Christian values. Ryszard Miazek promised to attend to disseminating popular culture via television. At the same time, however, the general opinion in the Sejm is that the council's members will postpone attending to all of these issues as soon as the coming elections necessitate their making sure there will be enough space on radio and television to promote the programs of the political parties they represent.

*** Favorable Prospects for Trade With Czech Republic**

93EP0242C Warsaw RYNKI ZAGRANICZNE
in Polish No 41, 6 Apr 93 p 7

[Article by Andrzej Tymkowski, trade adviser for the Embassy of the Republic of Poland: "Optimistic Prognosis"]

[Text] Poland's trade with the CSFR was worth approximately \$1.114 billion in 1992, including about \$813 million with the Czech Republic and about \$301 million with the Slovak Republic. All in all, it was a balanced trade. Compared with 1991, the trade declined slightly, due to the fact that the economies of both the RP [Republic of Poland] and the CSFR face crisis and a difficult transformation at the same time. In spite of that, Poland has remained Czechoslovakia's fifth-largest trading partner. However, the structure of that trade is still unfavorable. The trade exchange between Poland and Czechoslovakia consists mostly of raw materials, to the detriment of processed goods, especially machinery and appliances.

Polish exports to Czechoslovakia consisted mostly of coal, sulphur, salt, medicine, and the construction services. On the other hand, the Czech companies exported to Poland such items as automobiles, steel and chemical products, beer, malt, and eggs. Having observed and analyzed the markets of Poland, the Czech Republic, and the Slovak Republic, one can conclude that there is much room for improvement.

We can do both—increase the volume of trade and change its structure. It will be possible if we overcome certain stereotypes in our thinking and take advantage of the existing favorable circumstances, most of all our geographic proximity.

What is needed is a dynamic and effective effort, as well as preferential terms of trade. The Central European Free Trade Agreement, signed in Krakow in December 1992, is very helpful in that regard. It creates opportunities for cooperation based on beneficial terms.

I hope that the signing of that agreement was the beginning of a new era of cooperation in which both the volume and the structure of trade will improve. Another positive factor is that experts from the countries of the Four have begun talks about implementing more liberal terms of trade faster. A positive outcome of those negotiations will create an even more favorable environment for cooperation between our countries.

* Efforts Made To Diversify Gas Supply

93EP0242B Warsaw RZECZPOSPOLITA (ECONOMY AND MARKET supplement) in Polish 7 Apr 93 p 1

[Article by A.W.: "Not Only From Russia"]

[Text] Poland will need at least 35 billion square meters of natural gas yearly by the beginning of the next century. Some of that gas will be provided by the traditional supplier—Russia. However, Poland's experience shows that to be dependent on only one trading partner may be disastrous. Therefore, Poland is in the process of conducting negotiations to cover various aspects of that problem.

Poland's negotiations with Russia regard the construction of the new arm of the [Russian, westward-bound]

gas line. Thanks to the gas line, we have had the pleasure of using gas from the Arctic peninsula known as "Jamal." The planned amount will be approximately 14 billion square meters of gas per year, and the process is scheduled to begin in 1997.

The negotiations with the Russians are not easy. The participants representing the Polish side have reminded us that, once before, a Russian gas line bypassed Poland. In the 1960's, a line was built on the territory of Poland's southern neighbors. Today, the Czech Republic and Slovakia, as well as Ukraine, compete with Poland for that contract. Apart from that, the Russians might choose to lay that gas line underneath the Baltic Sea, directly to Germany.

The negotiations are tough, given the fact that the Russians have so many options. Another sore point is the issue of payments, affected by the hitherto unsatisfactory experience of both sides. The decisive round of negotiations will take place in early May. The gas-line agreement is supposed to receive special government guarantees at that time.

Simultaneously with conducting negotiations with the Russians, the Poles are considering other options. That is necessary not only for strategic reasons but also because the Russians do not guarantee that they will fully satisfy the Polish demand for gas. The most important other option is the import of gas from the North Sea deposits. Negotiations with the owners of the North Sea fields have been under way for more than a year. Unfortunately, there is considerable competition there as well. The owners of the gasfields demand special financial guarantees from both the Polish Government and international organizations such as the World Bank.

It is expected that Poland will import approximately 5 billion square meters of North Sea gas yearly, beginning in 1997. However, the field owners stipulate that their fields' output is going to decrease. Therefore, Polish negotiators are trying to find still another gas supplier and have conducted talks with the Sateoil company, among others.

The owners of the North Seas gasfields will decide in mid-April whether Poland will be allowed to import their gas.

* Stocks To Be Sold on Installment Plan

93EP0242A Warsaw RZECZPOSPOLITA (ECONOMY AND MARKET supplement) in Polish 9 Apr 93 p 1

[Article by Ewa Barlik: "Privatization on the Installment Plan"]

[Text] Polish capital will be able to buy Polish enterprises on the installment plan. According to Minister Janusz Lewandowski, that is the only way to attract Polish entrepreneurs, with their small resources, and to find new owners for approximately 6,000 companies offered for sale by the MPW [Ministry of Ownership]

Transformations]. The program is compatible with the methods of state property privatization up to this time, as well as with the program of universal privatization. At the same time, it is an alternative solution. It was drafted by Jan Szomburg, a close associate of Minister Lewandowski and a scholar at the Gdansk Institute of Market Economy Research.

The program will be applicable mostly to small and medium-size companies. Until now, they have been privatized in a different way, through so-called employees' leasing, a method that turned out to be disappointing because it was attractive to neither the Polish private sector nor to managers of state enterprises. That is designed to be amended by the proposal to sell companies on the installment plan.

Before an enterprise is privatized in that way, it must be commercialized—that is, transformed into a company regulated by the Trade Law. Then, in accordance with the Pact on Enterprises, 10 percent of company stock should be donated to the company employees. The remaining shares could be sold on the installment plan to an investor, who would automatically become the owner. According to the preliminaries of this program, the future owner of an enterprise would be able to participate in its management already in the commercialization phase. That would speed up this stage considerably, while leaving room for still more changes later. The commercialization of enterprises slated for privatization would not take place automatically, but only if someone made an offer to buy them.

For both economic and political reasons, in some cases the employees would get an additional amount of stock on the installment plan, just like the future owner of that enterprise. However, the employees and the managers of an enterprise should not control more than 25 percent of shares. At the same time, because the employees who purchase stock in their company do not formally acquire the status of owner (unlike a private investor), they should be offered those shares at a slight discount.

In addition, the Treasury can make an offer to the future owner of an enterprise to buy that company's stock. If no single investor wishes to buy all of the company's stock, it could be sold to several—without the dispersal of the ownership structure, however. Therefore, it has been suggested that no more than five investors control 90 percent of the company stock.

How will those majority shareholders be selected? Preferably through the review of their offers, although an auction is also possible. The two methods could be combined if the individuals who made the most serious offers participated in an auction. Foreign investors should be able to apply, although they ought to pay in cash for their stock, with no possibility of paying on the installment plan.

The future owner of an enterprise in question should make a 20-percent down payment in cash. The rest would be payable in 10 years, with the interest rate no

higher than 10 percent. It would be possible to cancel as much as 50 percent of the investor's debt, depending on the amount of money he put into the enterprise and the taxes he paid. The suggested grace period to pay off the loan would be either 16 or 32 months, depending on the size of the down payment.

Because the interest payments might be a considerable burden for the new owner during the first few years of the operation, there is the possibility that the payments would be scheduled evenly for the entire period. However, one should point out that that method of privatization is quite risky for the Treasury, should the investor fault on payments. Fortunately, the authors of the plan have envisioned such protective mechanisms as bank guarantees, mortgage loans, security deposits, endorsements, and so forth, to which an eventual investor might be subjected. Another guarantee is the required proof of the investor's business credibility, as well as the fact that the employees would purchase their company stock.

An extension of the idea to sell stock of the state enterprises on the installment plan would be the Privatization and Development Guarantee Fund. The capital of that fund would consist of contributions from entrepreneurs, the Treasury, and organizations such as the World Bank. In addition, the fund would receive approximately 50 percent of revenues from the privatization of state property, the interest on deposits, revenues from businesses applying for these guarantees (20 percent of the guarantee), 2 percent of the yearly state budget revenues, and so forth. If necessary, the fund would be financed from the state budget, provided the means were available.

The idea to establish this fund is an intrinsic part of privatization on the installment plan. The fund would enable people with limited financial resources to buy enterprises sold in this way. However, according to the author of these proposals, the establishment of the fund itself is not necessary to begin the very process of privatization on the installment plan, which is the most urgent matter.

* Bishop Criticizes Anti-Catholic Views in Press

93EP0245A Czestochowa NIEDZIELA in Polish No 15, 11 Apr 93 pp 1, 6

[Article by Bishop Adam Lupa of Lodz: "Antichurch Propaganda Today?"]

[Text] The question in the title reveals certain disbelief. On the whole, it seems to us that, with the departure of communist totalitarianism, such propaganda ceased to exist in Poland. Meanwhile, despite this appearance (and expectation), propaganda continues to function, still betraying an antichurch attitude, although it is frequently different from former propaganda and assumes various guises.

Most frequently, it is said that propaganda is activity that, through proclaimed slogans, opinions, and views,

intends to attract numerous partisans and inspire in them certain aims and behaviors. Therefore, propaganda activities are not concerned with the personal welfare of the people addressed—for example, that they become more enlightened people, demonstrate mature criticism, or advance in personal development. People who become objects of these activities become not only partisans of propaganda activities or members of a specific group but actually poorer and progressively less independent. For that reason, mainly, propaganda activity universally opposes human pedagogical activity and the individual's comprehensive development. There is a great difference also in the means used. Propaganda, especially political propaganda, is unscrupulous. Any means is acceptable to the extent that it achieves the desired goal. Some propaganda is exceptionally harmful—for example, the manipulation that, in time, results in complete control of an individual by the propagandist, and, before that, makes one an intellectual invalid, falsifying his concept of reality. Pedagogical activity meanwhile avoids creating any kind of devices that could in the least degree cause harm to those being reared. In some totalitarian systems—for example, in communism—propaganda replaces true pedagogy. That could be observed in Poland also, specifically in various forms of so-called socialist pedagogy.

Not all propaganda harms an individual. For example, sports propaganda or environmental conservation propaganda that is properly understood can result in significant advantages for the individual and society—of course, under the condition that it does not replace systematic educational activities.

Any activities can be termed "antichurch propaganda" if, for example, they lead those addressed to aversion, prejudice, or a feeling of hatred toward the church, or if the activities to some degree antagonize the readers or the radio and television audience against the institutional church, the pope, the hierarchy, priests, or catechists and against faith and ethical principles.

Propaganda activities must be distinguished from pointed criticism or a disputatious tone that dismisses easy compromise. The church accepts such attitudes because it sees in them a condition for proper development. An analysis of goals and methods helps to distinguish these two different activities. If, for example, someone adopts the technique of public ridicule, it is clear that this is not criticism or healthy polemics, or even any kind of constructive dialogue. It is simply a propaganda "trick."

Within the framework of the current antichurch propaganda, whose goals and motives are not definitively known, many techniques are used. Just to call attention to the phenomenon of antichurch propaganda, only a few examples will be cited, taken mainly from the press. More extensive materials on this subject and specific data should become an important field for thorough scientific investigation as soon as possible.

Antichurch propaganda in a broader sense is activities that pertain also to the various kinds of institutions that function under the aegis of the Catholic Church in Poland—for example, certain associations, editorial offices of the religious press, and so forth.

One of the techniques widely used in current antichurch propaganda is the technique of suggestion. Suitably selected words, slogans, and comparisons are used here. For example, the exceptionally suggestive slogan "There shall be no witch hunts" has recently had a stunning career. Parenthetically speaking, the slogan is insulting with respect to "witches" themselves, women who are wholly innocent! This technique is used mainly by Adam Michnik, editor of *GAZETA WYBORCZA*, when he expresses disapproval (or perhaps even repugnance?) toward the Catholic Association of Journalists organized in 1991. He uses a suggestive, pure propaganda "trick," giving one to understand that, if this continues (with such Catholic organizations), there will soon be Catholic organizations of hairdressers, bakers, and so forth. Omitting the fact that, in a country finally free of totalitarianism, all trade groups can form associations (even the proverbial canary breeders), including those depending on religious affiliation, so here we are faced with an attempt at suggestive banalization or trivialization of a certain undertaking with the label "Catholic," which, as recently as four years ago, had no chance of existing but has been a universal and in all respects normal phenomenon in the West for a long time.

Another technique, unfortunately more and more frequently applied, is ridicule. This pertains most often to a specific circle or group of people who think differently and now, after 1989, have the courage to express this publicly. Thus, for example, in a controversy with a LADA journalist, the editor of *POLITYKA*, Daniel Passent, speaks in a clearly derogatory manner about the entire Catholic weekly: "After the liquidation of *SZPIKLI*, it is the only satirical publication on sale here. It is available in every kiosk!" Perhaps this is a so-called bagatelle, but here we must clearly state that, unfortunately, in some lay circles, liberal, postcommunist, and so forth, ridicule of certain titles in the Catholic press is accepted as proper. In this area, antichurch propaganda has made wide-reaching "progress." The basis for the ridicule is most frequently a Catholic publication's attempt to publicly defend certain principles or attempt to critique accusations made earlier.

In turn, the technique of *pars pro toto* (a part treated as the whole) depends on the fact that, in propaganda, only a part of a certain statement is used, which may, nevertheless, be assumed to be the whole by the persons addressed. This technique was used by numerous media with respect to two speeches of the Holy Father, John Paul II, published in Rome in January 1993 and addressed to Polish bishops. With respect to this incident, frequently only one idea from the pope's speeches was quoted: that the church does not identify with any political party, and, by the same token, no political party can represent the church.

Of the two historical papal statements that are in the nature of a proclamation and program and are addressed to the millions of churchgoers in Poland, only a single passage was selected, no doubt trusting in the naivete and lack of critical evaluation on the part of the reader, the listener, or the viewer.

Repetition is a technique that is always readily applied in propaganda. The effect of this technique is specifically the formation of different propaganda myths relative to the church in Poland. For example, the opinion constantly repeated in the media, that the church rules in Poland, "reinforced" on such occasions as the return of religion to the school, the fourth visit of the pope to Poland, the legal regulation concerning respect for Christian values, and so forth has had the result that today, in the consciousness of many naive subscribers to the mass media, a fear has developed of a religious state that ostensibly threatens Poland. For such a myth to appear, no organized plot or cooperation of forces that think alike is required. Only certain propaganda mechanisms need to be set in motion.

A technique especially favored in current antichurch propaganda is a suitable concoction of data from so-called studies and soundings of public opinion pertaining to the Catholic Church in Poland. One of the propaganda "tricks" here is an intentionally taken "leap" that deceives public opinion because the statements of "selected" individuals on a given subject pertaining to various institutions in Poland is interpreted as a decline of church authority. Such news is obviously carried with "great reverberation" by almost all of the mass media. This is an old and unending method of propaganda camouflage.

Unfortunately, in Poland, antichurch propaganda is a fact and continues to make its way into the media. Here I have presented several manifestations of its functioning. This is only a small part of the great propaganda machine. Today, numerous volumes of documentation could be collected from less than a month of its activity. It is good then that there are groups of young journalists who treat this phenomenon in a professional manner.

We cannot say, therefore, that antichurch propaganda is only an invention of those Catholics, religious and lay, who ostensibly see the church in Poland exclusively as a fortress dramatically under siege. The Vatican encyclical "Aetatis novae," in saying that "public communications media can be an instrument of ideological and political manipulation," warns against excessive gullibility that easily dismisses propaganda.

Here I am deliberately omitting those publications that attack the church in a very aggressive and especially bigoted manner, that ignore demonstratively basic ethical norms.

It is sad that, under conditions that are difficult and very complex for the country, some media offer the church in Poland not dialogue, discussions, and objective criticism, but only ordinary propaganda activity, as was the custom in the former "best of times."

Complaints about dishonest propaganda will change nothing in themselves. A stand must be taken publicly against particularly threatening and drastic facts, lies must be unmasked, a critical attitude must be formed with respect to the media, and knowledge of the church must constantly be increased.

Here we must emphasize with satisfaction that an increasing number of Catholic press publications are assuming this responsibility and are, in general, operating with growing success in a professional manner, pointing out many manifestations in the area of antichurch propaganda. Special potential in this area is shown by SLOWO, the only Catholic daily in Poland. It is doing so day by day with concern for the various needs of priests and catechists. Therefore, it deserves greater interest on the part of the millions of Polish Catholics.

A phenomenon that is a reason for hope and optimism is the new publications in the Catholic press (as well as in the new dioceses). Most often, they develop from the cooperation of the laity and the priests. Moreover, we are getting signals from various parts of Poland that many synodal associations are actively involved in the distribution of Catholic publications. Some of them even appeal to operators of kiosks not to place Catholic publications "under the counter." Unfortunately, in this case, old habits quite frequently persist.

We must trust that, by improving the distribution of Catholic publications in parishes and continuously increasing readership, our laity will be instrumental in promoting the development of the Catholic press both quantitatively and qualitatively. This will also result in a continued realization of the important slogan "A Catholic publication in every home," which Polish bishops preached during the past year on Mass Media Sunday. Though some journalists do not like the slogan itself—for example, Stefan Frankiewicz (unfortunately, he argues in a confused way against the appearance of this slogan in the "Pastoral Letter of the Episcopate," WIEZ No. 11, 1992)—this slogan nevertheless demonstrates its pastoral merit and, for many enterprises, becomes the guiding idea in the area of development of the Catholic press undertaken by the laity.

The good and expanding Catholic press in Poland is the best response to the various forms of growing antichurch propaganda.

Hungarian 'March to Rearmament' Criticized*93BA1004A Bucharest VREMEA in Romanian
8 May 93 p 7*

[Article by Horia Brestoiu: "Hungary Continues To Encircle Romania"]

[Text] The haughty arrogance of Arpad Goncz has once more clashed with Romania's efforts to build bridges of understanding. Of course, conditions that smack of omnipotence are ridiculous and the discreditation of feudal whims is already visible at the gates of the eminent chanceries. The recommendations we receive to view with greater detachment Budapest's attempts to artificially create a so-called Hungarian problem are normal, even though it is clear that a dispassionate attitude has prevailed in recent years at the highest levels in Bucharest, offering Budapest the opportunity to seriously abuse it by repeatedly and openly attacking the Romanian nation.

I have written without reservations that the most important criticism that Petre Roman could acknowledge, especially now when he is asking for a parliamentary discussion of his administration's accountability, is that he abandoned the national movement. The unqualifiable defense against the Tirgu Mures carnage and the premeditated insensitivity to the tragedy of Romanians in Harghita and Covasna counties, are realities which he, and perhaps not only he, cannot sidestep. In persevering through these misfortunes, the characteristic stoicism of the Romanian nation thus emerges with dignity to the surface of its immutable truths. To be sure, Hungary's arrogance reflects especially its strong dissatisfaction that it has not yet succeeded in imposing its craving for land irredentism on Romania (as well), and its refusal to accept the invulnerability of national borders uncovers intentions that are actually explicitly demonstrated by the reorganization of its armed forces for rapid intervention in neighboring areas of interest, and by focusing retaliation efforts in the limitless paternalism extended to the UDMR [Democratic Union of Hungarians in Romania] leadership for imposing the strongly desired secession from the inside.

Budapest's efforts to create within Transylvania a "Nagorno-Karabach" are clearer than ever through the intervention of Hungarian paratroopers just like in Croatia, to be followed by the involvement of international forces. Today, we no longer have the right to underestimate the danger of this scenario, substantiated by absolutely real data about which Budapest's frenzied desperados have given unquestionable warning signals. We only have to remember that after the failure of the Tirgu Mures armed coup, the Hungarian magazine KAPU (No. 6/1990) openly urged Romania's Libanization, proclaiming that the "Hungarian army is called upon to protect Transylvanian Hungarians," in keeping with the imperial ambition of the prime minister to rule over the Hungarians abroad and thereby solidify the "indivisible Hungarian entity beyond the borders of the

country." The author of this irresponsible appeal, which is, in fact, suggestively entitled "The Defense of the Hungarian Minority and the Hungarian Army," thus openly professed the right to aggression by "assuring immediate, direct assistance through military personnel and weapons transportation in case of presumed danger." The experience of involving Hungary in Yugoslavia was thus sought equally against Romania, toward whom Budapest continues its powerful psychological warfare to accredit "the potential dangers that threaten the Hungarian Republic" (!?), and especially the fact that "the situation of Hungarians in Transylvania can become the keystone of European security!" At this point, the idea of the Yugoslav scenario was absolutely clear, with the author stressing that, "in a crisis situation, in case of a similar escalation of pogroms (!!) unchecked by the Romanian Government, the Hungarian army can also request in extreme cases the urgent intervention of an international peacekeeping force in the interest of the persecuted Hungarians...."

The poisoning of the world's public opinion with such topics has become an absolute priority of the Hungarian psychological warfare, which has given a leading role to the propaganda campaigns programmed by the agent-priest Laszlo Tokes. Let us merely remember the sewage he spewed in Munich in November 1991, where he textually claimed that "a civil war of the Yugoslavian type could erupt in Romania." This was also the background for launching the project for the so-called Szeckler Country, while the agent-priest warned the West about the impending prospect of internecine warfare in the heart of Transylvania. "It does not matter if several hundred, or even thousands of Szecklers will die," Budapest was saying, "the essential thing for us is to trigger the confrontation and to bring the conflict to the attention of world opinion. We will then call upon the international forces...to support the Hungarian cause!"

It is therefore understandable in light of these scenarios how the potential of the Hungarian army could become a predominant concern in Budapest. "Hungary needs a powerful army, since the current situation in Central Europe is volatile. No one knows what the future will bring, and that is why Hungary must be prepared for various situations, to assure a sound defense of the country under all circumstances," declared at the end of 1991 Erno Raffai, secretary of state for the Ministry of Defense. Of course, without saying as much, Raffai was looking at the "Yugoslavian model," without forgetting that, in the course of events, the objective of Hungarian revisionism, the resurrection of the historical corpse represented by the "Greater Hungary," can be achieved only through war or by exploiting moments of crisis skillfully raised to levels that would enable the utilization of political blackmail.

In this international context, which heightens the value of Romania's geostrategic position and excludes the chances of a Hungarian provocation war, Budapest would thus alternate between aggression and internecine

provocation from the inside, manipulating the cause of "democracy," exploited under pressure, as a means to prepare and foster blackmail. In 1992 already, official Romania continued to passively accept the Hungarian offensive, as if paralyzed by its magnitude and invasiveness, while fascinated by the temptation of the "ethnic party" votes, the opposition entered into an extremely dangerous alliance. Today, an uninterrupted chain of provocations forces an assessment of the unhealable essence of Hungarian retaliation.

Faced with a treacherous encirclement from the west and the east, the opening of Romania and the construction of a new partnership have collided with the definite amplification of Budapest's aggressiveness. The complications introduced by Hungary have not been given the attention they deserve in the organization of political relations and even less so in the area of security. In the meantime, the Hungarian minority has been designated by Budapest as the principal detonator in its military doctrine, affirming openly and at the highest levels, such as Minister Lajos Fur, the right to intervene against other countries where Hungarian minorities live. The Hungarian parliament is now giving priority to a draft law for the protection of Hungarian minorities in neighboring countries, an action combined with an extensive interest in rearmament. "We need efficient operational forces," commented Tibor Koszegvari, director of the Institute for Strategic Studies of the Ministry of Defense; hence the priority given by the government to the creation of a modern army, emphasizing an intervention force based on consolidated air surveillance and the formation of several mobile brigades capable of rapid action in border zones. The concept itself thus confirms Hungary's involvement in the destructuring of the Yugoslav state.

The Hungarian march to rearmament continues feverishly, with Budapest having convinced Germany to turn over parts of the arsenal of the former GDR army, and in November 1992 signing an important agreement with Boris Yeltsin that provides for reimbursing one-half of the Soviet debt in the form of military material deliveries, an enormous transaction that amounts to \$800 million, the equivalent of the Hungarian defense budget for 1993. Much earlier, Hungary had also announced that it would undertake the modernization of airplanes of the MiG-21 type, the MTI agency specifying that "the billion additional florins allocated to the military budget will be used to replace electronic equipment in this type of planes." According to Hungarian military specialists, this measure will result in considerable improvement in the plane's maneuvering capability, and in the pilots' ability to identify targets. At the same time, it should be pointed out that Hungary is the only eastern country to which the Americans have agreed to sell a new air reconnaissance system, benefiting for this from the advantage gained through the "open sky" convention with Romania. "Hungary must have offensive air force capabilities. It is necessary to activate antiaircraft defense and the air force," declared recently two Hungarian specialists in this field. Moreover, an official of

the Ministry of Defense declared in 1991 that Hungarian officers will benefit from significant possibilities to improve their professional training in United States academies and institutes. At the same time, the organization of military training has begun, especially among the young generation; its inauguration took place under the presidency of the Hungarian head of state and of Otto von Habsburg. The "National Guard" was also reestablished in Hungary under the wing of the Ministry of National Defense, with one representative declaring at the inauguration that "out of the ordinary events should be expected in the near future."

It is important to remember in this context, that after the recent meeting of UDMR Parliament representatives with Budapest, Prime Minister Antal wanted to point out that in accordance with the constitution, the Hungarian Government is compelled to take charge THROUGH ALL MEANS of the fate of Hungarian minorities beyond the borders, adding that in the future it would support UDMR both as an organization representing the Hungarian minority in Romania, and as a political party. Is there any surprise then at the conditions placed by the Hungarian leaders on the natural regulation of relations between the two countries? In any case, Hungary's expansionist plans appear seriously hindered by Romania's geostrategic importance, which western agencies view in its real significance, as well as by the balance of Romanian decisionmakers who have succeeded in keeping the country out of conflicts in the area.

Unmasking of Sources of Anti-Semitism Urged

93BA0960A Bucharest "22" in Romanian 15-21 Apr 93
p 13

[Article by Andrei Cornea: "The Two Paradoxes of Today's Anti-Semitism in Romania"]

[Text] Not long after the fall of the communist regime in 1989, and, at the same time, the disappearance of censorship, it was noted with sufficient apathy that anti-Semitism had not died in Romania, just as it had not died in the other former communist countries of Eastern Europe. And, we are not so much speaking of an obscure, public sentiment, as we are noting a conscious political attitude, one that is well organized and supported by parties and groups which have access to newspapers, magazines, and members in parliament. This phenomenon remains at first glance at least curious, even paradoxical, when, in fact, it is a double paradox: Surprisingly, we are seeing an anti-Semitism "without Jews" on one hand, and an "absence of anti-Semites" on the other.

I. Anti-Semitism "Without Jews"

Actually, in a population of approximately 22 million inhabitants, there are today at most 20,000 Jews in Romania. Compared to the more than 400,000 persons in this minority group at the end of the war, the current

figure, the result of a massive emigration, is insignificant. As a result, it was expected that the "Jewish problem," in its social, economic, political, and cultural aspects, would purely and simply disappear, because of the quasi-extinction of the subjects of this drama. But, nonetheless, antisemitic references seem to have taken little note of this demographic reality, as one can observe in the content of certain publications, such as *EUROPA*, *ROMANIA MARE*, *POLITICA*, *UNIVERSAL BUCURESTILOR*, and *SPIONAJ-CONTRASPIONAJ*.

Although within the overall Romanian print media the number of such periodicals remains small and although, to their credit, a great number of periodicals regularly attack the above-mentioned publications and the persons who head them, these negative tendencies have considerable influence. In fact, the current minority FDSN [Democratic National Salvation Front] government could not stay in power without the support of extremist and chauvinist parties, such as the PRM [Romania Mare Party], the PSM [Socialist Workers Party] and the PUNR [Romanian National Unity Party], parties to which the FDSN feels compelled to make concessions. This also probably explains the interviews at the beginning of the year given by President Iliescu and Foreign Minister Melescanu to the magazine *EUROPA*. Although these interviews were in themselves "neutral," they conferred respectability to the most antisemitic publication in Romania.

The fact that the Jews are few in number does not, therefore, hinder the antisemites from expressing themselves fully. The key to the paradox is that our antisemites have an extremely broad definition of "Jew," one valid for anyone regardless of their origins. Thus, non-Jews, such as Adrian Severin, Gelu Voican-Voiculescu, and Razvan Theodorescu, were denounced as Jews in the above-noted magazines. While Mr. Petre Roman is half-Jewish, although baptized a Christian, Mr. Theodor Stolojan is not Jewish at all. Nonetheless, *ROMANIA MARE* characterizes the government led by these men as "our Jewish government" (112/28.08.92).

Who, then, is a "Jew" according to the criteria of these publications? In essence, just about everyone they do not like. Very frequently, under this banner they include the democrats, the supporters of rapid westernization of the country, the promoters of a market economy and integration into international organizations or, in short, the intellectuals, "capitalists," and generally those associated in one way or another with the current opposition. Even King Mihai is considered to be an "agent of aggressive world Zionism" (*EUROPA*, 91/01.07.92). So, if almost anybody can be "Jewish," nearly any event, any historical occurrence can be characterized as being of "Jewish" origins, and its participants labeled "Jewish by association" if not by blood.

According to Mr. Paul Everac, the director of Radio-Television and the author of an essay entitled "The Reactionary" (Romanul Publishing House, 1992, pp 115-124), the majority of great events in modern history

are the results of a Jewish conspiracy. Particularly, the Jews are the ones who created communism, they are the ones who destroyed it and, certainly, they are also the ones who overthrew Ceausescu, after they had earlier supported him. That is why, for Mr. Everac, the shrinking of the Jewish community in Romania is not relevant. For him, the Jews are not a "minority," but rather a "diaspora," meaning a type of "fifth column." Under these conditions, the statements of the contributors to *ROMANIA MARE* appear normal in an unnatural logic where independent or publications critical of the government are nothing more than "storm waves bought by Soros" (*ROMANIA MARE*, 115/24.09.92), and who are participating in "the gigantic plot against the Christian world."

In the end, the foreigner himself is seen as a "Jew." A recent amendment to the foreign investment law, which permits companies to buy land in Romania with foreign capital, was struck down in Parliament by the opposition to the nationalist parties. The representatives from these parties maintained that if the law were approved, foreigners would be able to buy the entire country piece by piece, just as the Jews had done in the Palestine.

According to the fantasies of these people, the "Jew" is consequently everywhere, it is anybody, and he appears capable of the most extraordinary, yet very contradictory actions. It seems in verifying Sartre's famous definition of a Jew, if to be born a Jew in Romania is rare, to become a "Jew," as some people wish, seems to fall into the domain of the relatively commonplace. For as long as the Jewish minority in Romania was significant, anti-Semitism had a clear target, one relatively well defined and, let us say, objective. The Jew existed in flesh and blood, there were still ghettos and streets populated by Jews. A certain individuality, the result of centuries of segregation into ghettos, was noticeable, while the incomplete nature of their assimilation explained if not justified the countless anecdotes about them. Discriminatory treatment and anti-Semitism were based then on a specific reality, even if there never was a shortage of non-Jews who were exposed as being a "jidovitch." And, that is precisely why this specific reality has now disappeared. Anyone who openly comes out in favor of reforms becomes, in the eyes of today's anti-Semitism, a suspect of being Jewish or an agent of international Zionism, an agent of the Mossad, a hireling of the "Jewish-Masonic worldwide plot," which is all the same thing. Anti-Semitism "without Jews" becomes an anti-Semitism "without limits." This is the first part of the paradox which I mentioned earlier.

II. Anti-Semitism "Without Anti-Semites"

If the Jews seem hard to find, the same thing can also be said about today's anti-Semites, since it would seem that these attacks and lies are the products of ghosts. From this point of view, prior to the war the situation also was different. The notorious anti-Semites, such as, for example, A.C. Cuza and C.Z. Codreanu, openly and even with pride admitted their anti-Semitic convictions,

and, yes, even A.C. Cuza as well accorded international priority to the subject, being preoccupied in getting recognition, as some would say today, for his "pro-tochronism." Furthermore, they, as well as their obscure or famous supporters, made no secret of their opposition to parliamentary democracy and their enthusiasm for totalitarianism.

On the contrary, today's anti-Semites feel slandered when they are accused of being what they are in fact. Ilie Neacsu, the director of the magazine *EUROPA*, denied that he was an anti-Semite during a televised discussion. None of which stopped him from threatening Jews in his magazine, stating that "the Iron Guard were meek lambs compared to us" (*EUROPA*, 108/12.01.93). Regardless of what you see in the Iron Guard as an unsatisfactory model, at least they understood pogroms well, and did not pretend that they were not anti-Semites or that they believed in democracy. Similarly, at its recent congress, the Romania Mare Party and its leader, C.V. Tudor, formally denied that they would spread an anti-Semitic, chauvinist and extremist ideology, an ideology nonetheless present in each issue of the aforementioned publication. The most significant case perhaps remains, however, the one of Mr. Everac who, in the previously mentioned article, maintains that anti-Semitism should become a simple act, keeping in mind the international power of the Jews. Now, either Mr. Everac believes what he is saying, and then he should be concerned about his personal safety, or, much more likely, he does not believe it. But then it is not possible to fail to recognize that such fallacies regarding Jews are provocations, capable of producing resentment and fears which are easily transformed into hate among non-Jews.

III. Possible Explanations

The first paradox, when it is not purely and simply the expression of some disguised form of paranoia, is easily explained by the need for a diversion, a need so demanding that it even ignores the reduced number of Jews in Romania.

With regard to the second paradox, the following comments should be made: Anti-Semitic ideology as well as antidemocracy are devalued in our times. In differing from what happened prior to the war, they no longer have an ideological cover to the extent that they are difficult to defend and justify. It is far simpler to declare yourself for democracy, like everyone else, but instead to ardently carry out anti-Semitic and antidemocratic work. For you to be able to hate Jews without having to invoke ideological justifications, now that is a comfortable innovation.

On the other hand, it is an innovation that can put you on the defensive. In a formal sense, the Constitution and Criminal Code prohibit anti-Semitism and chauvinism. Anti-Semitic parties and persons then try to protect themselves by supporting the current government. From this they obtain not merely material benefits, but also a type of actual impunity, also made possible by the

weaknesses in the judicial system. Nonetheless, their status remains unstable, a situation of which they are certainly aware. This is so since the country's difficult economic situation requires the government to seek international credibility, credits, and foreign capital investments. And, given that the inadmissible tolerance of the government for extremists and anti-Semites would be noted beyond our borders, all this would become problematical. This is why it is preferable for you not to proclaim yourself an open anti-Semite: it would be very difficult under these circumstances for the Romanian Government to remain passive and, subsequently, the anti-Semites' own security would be in danger.

IV. Instead of Conclusions

As defined by these two paradoxes, the current anti-Semitism in Romania is deceptive, hidden. In order to combat it with any type of effectiveness, it must first be unmasked and shown for what it is. It is important that it be done in such a way so that the anti-Semites and, in general, the extremists can no longer pass themselves off as democrats, and so that any alliance with them will appear purely and simply as contrary to national interests. Finally, things must be called by their true name: the fig is a fig, and the anti-Semite is an anti-Semite.

P.S. On 20 April, right alongside other heads of state and government, President Iliescu will take part in the inauguration of the Holocaust Museum in Washington, D.C. For his presence there to be more than a formality, it would also have to be, I believe, associated with a clear denunciation of anti-Semitism in Romania.

Corruption Charges Against Mayor Halaicu

93BA0923B Bucharest ROMANIA MARE in Romanian
9 Apr 93 p 3

[Unattributed article: "We Demand an Urgent Investigation of the Mayor General of Bucharest!"]

[Text] Recently the number of complaints against the mayor of Bucharest, the Liberal Crin Halaicu, arriving at our paper have been on the increase. We are not an investigatory agency, so we cannot guarantee the authenticity of the facts. All we can do is call politely for an investigation of this dubious personage because, as the proverb says: "Where there is smoke, there is fire."

We received the first complaint a few months back. It was a matter of a bribe of \$100,000 Halaicu is said to have received from Los Angeles, where, supposedly, he went to arrange for financial assistance from abroad, something he managed to fool Bucharesters into believing during the election campaign. As for assistance, none came. However, a representative of the firm Gepa-Electrocenter did rush after Halaicu from Bucharest all the way to Los Angeles in order to convince him to allot the firm another space, at cost, next to its premises on Dorobanti Street.

We do not have proof of corruption per se, but we saw the effects: The "Sofia" store was vacated in a big hurry, and the Gepa firm's space was expanded as if by magic! I told all of this to a distinguished Romanian general in the police department whom I asked to test Halaicu on this matter, to see his reaction. The general did just that: He told him about it straight to his face, after which he told us that the big thief "began to stammer," flabbergasted that the affair had leaked out.

A few days ago a citizen of Bucharest presented himself at the paper's headquarters and told General Valeriu Buzea the following: "Numerous cases of corruption have occurred at City Hall, with Mayor Crin Halaicu being in the front ranks. He works with an advisor, Liviu Radu, a Gypsy by origin, who arranges everything for the Bibner Company (located at 40 Grivita St.), headed by a Jew who had fled Romania earlier and returned a year ago. It was a case where Halaicu granted an audience to some foreigners who were disposed to pay \$20,000 for the resolution of some major claims. For the 'Coca-Cola' affair and the Militari zone hothouse site, which was allocated to this firm, a bribe of \$400,000 was paid. Now that the affair has been discovered, they are out to discredit President Iliescu by involving him in this problem. The Bibner firm obtained illegally, without bidding, the installation of RATB [Bucharest Auto Transportation Network] stations in the capital (formerly ITB [Bucharest Transportation Enterprise]), which also have commercial space. All of these spaces are being used by the Bibner Company and Halaicu together for their mutual interest. The affairs are much more scandalous and go beyond what anyone might imagine!"

Let us take a close look together at a written note that was given to us by several honest councilmen of the sector mayoralty and Bucharest City Hall: "This crook's affairs go beyond what anyone might imagine." He conceded 13.8 hectares in the Militari zone to the "Coca-Cola" firm for no less than 49 years in exchange for the modest sum of \$2.5 million. It should follow then that the firm will pay City Hall \$51,000 a year for nearly half a century, but the Romanian state comes out a big loser; an elementary calculation shows that if only tomatoes and green onions were to be planted on that enormous site, the profit would be double; i.e., \$5.2 million in 49 years. Another dubious transaction was the one concluded with the French firm Sogea, which Halaicu saved from bankruptcy for a substantial commission. This firm no longer operates anywhere except in Africa; it is in dire straits and in 1992 registered a 25 percent drop in business (5 billion French francs [FFr]). To all appearances the contract would be advantageous: They say the firm is offering City Hall equipment for modernizing the water and sewage networks, worth FFr2.5 billion (about 300 billion lei), to be paid back between 1996 and 2001. Except that the money is stipulated to come from the increase in the price of water; i.e., it will all be supported by the population!

Here Halaicu again broke the law, Law No. 69/1991 of the local administration that provides for a popular referendum when public works are involved costing huge sums of money. It is asserted that accomplices in this affair would be Messrs. Radu Campeanu and Mircea Vaida, the former Liberal secretary of state who frequents sexy bars, and who gets so much money from we know not where. Halaicu lied to us about everything, stating that the Romanian Government guarantees the deal, but we have yet to see any proof of that! Both contracts ("Coca-Cola" and "Sogea") were concluded in violation of Law No. 31/1992; i.e., without a bid.

Here's another Halaicu swindle: In 1992 he conceded to the American World Trade Center company [as published] a large unfinished apartment building located on Victoria Street; only the building already had tenants, who held legal allotments from even before 1989. The tenants took City Hall to court and won, but although the judicial decision was final, Halaicu refuses to abide by it. In fact he is in further flagrant violation of Law No. 5, taking for himself every week the lists of available houses within the Sixth Sector. He has said that he wants to establish order, but in reality he is plundering shamelessly.

We know that he used his spokesman Radu Budeanu to pacify several journalists who had criticized him ([EVENIMENTUL ZILEI Chief Editor] Ion Cristoiu, among them) by allotting them some splendid homes. That also explains the utter silence that reigns in certain publications, chief among them being EVENIMENTUL ZILEI. Moreover, I have heard from a large Romanian industrialist that Halaicu received a bribe in the amount of \$25,000 from an American of Romanian origin (an outstanding member of GDS [Group for Social Dialogue]) in exchange for a residence. He further committed a grave abuse with the residences of the Steaua Quarter, which, although belonging to the railroad workers, were also filched and allotted by Halaicu.

Similarly scandalous is his taking revenge on the leadership of the Capital Roads and Bridges Authority (DRUPO): He sent them to France to conclude a contract only with a certain firm, from which he had collected plenty of money, but the Romanian specialists participated in a bid and concluded a much more advantageous contract with another firm; within a few weeks they were all fired!

The grizzled eminences assisting him in all these frauds are: Liviu Radu (who on his birthday, 30 March 1993, held a huge banquet at City Hall and was visited by the so-called [Gypsy] King Cioaba) and Nadejda Filip (the former lawyer hired personally by Halaicu, who was a swindler and was sentenced prior to 1989 for having concealed a thief at her mother's place, thus interfering with the execution of a judicial sentence; she tried to claim that she is a...dissident!). We further state, again, that this Halaicu is systematically flouting the Local Municipal Council: He hacks and hangs, but is careful to make sure that others get their share of bribes. The

minute government agencies decide to start an investigation on him, the borders will have to be closed because this crow will take off. He has lots of dollars stashed in banks abroad!

We are willing to be understanding about the fact that this Crin Halaicu is just a soldier of fortune who left the country's most important city without water on New Year's Eve. We are also willing to be understanding about the fact that he and those "politicians" from the reactionary opposition are nothing but profiteers who care little about ordinary people. But we are not willing

to be understanding about the fact that, under our very eyes, some dangerous mafia-like structures are taking shape.

Stating once again our willingness to leave all of this to legal investigation and verification, we are asking, with all firmness, that government agencies urgently undertake an investigation. And if it should be proven that this Halaicu is a gangster, we will publish and support public debates on all those letters to the editor demanding the reinstatement of the death penalty!

*** Meciar Portrayed as Politician, Person**
*93CH0558A Bratislava NOVE SLOVO BEZ
 RESPEKTU in Slovak 12 Apr 93 p 24*

[Article by Marian Lesko: "A Man's Nature Is His Fate"]

[Text] There have already been hundreds of papers written about the nature and character of the most influential Slovak politician, and both his supporters and friends and his enemies have contributed to them. Meciar's most striking feature and that which bothers those affected the most is his combativeness, which can easily shift over to militancy. This is not just an assumed style and directed against his opponents, but, in his case, a matter of his normal political makeup, by which he pushes his views everywhere there is a different way of thinking.

Stefan Hrib, the editor of LIDOVE NOVINY, once took advantage of a situation in which the HZDS [Movement for a Democratic Slovakia] leadership was discussing matters with the windows open to listen secretly to the conversation. Vladimir Meciar, as he witnessed, raised his voice even at his own people when he heard something with which he did not agree. Martin Hric advised him after his first television address to "cultivate a kind, democratic appearance" in front of the cameras, and it appears that the former minister of the interior has taken that advice to heart because he is now able to answer the television editor's questions more as the embodiment of peace and democracy. But he is not always able to keep the course of verbal exchanges under such strict control.

Once, in front of the television cameras, he "slammed" an SDL [Party of the Democratic Left] deputy for advocating a different viewpoint on the concept of the customs union from what was contained in the governmental proposal submitted by the then deputy prime minister, Roman Kovac. When the constitutional legal committee said that Messrs. Fogas and Fic were right, the prime minister had to correct his thinking and, even though his criticism was directed mainly at the people in the SDL, indirectly he was also yelling at his own deputies. Jan Carnogursky, who wanted to know what the prime minister really said in front of the foreign affairs committee of the Bundestag after being tipped off by deputies of the German parliament, got such an answer to his provocative question that the chairman of the National Council of the Slovak Republic himself had to call the prime minister to order and tell him to use a parliamentary tone.

When Ludovit Cernak, as the new president of the SNS [Slovak National Party], claimed that the quiet coalition with the HZDS was obvious and, in connection with it, requested ministerial portfolios for his people, he heard an emphatic "No" from Vladimir Meciar. The method and the form of the "No" were noteworthy, however. New people have now taken the leadership of the SNS, and they would also like to establish new policies, but their obvious inexperience is apparent.

In routine political skirmishes, Vladimir Meciar not only covers himself but also counterpunches. That is a habit that looks entirely natural in his relations with his opponents, but sometimes works quite strangely when it also affects his closest coworkers. When Rudolf Filkus, in the federal government, condemned a certain concept of dividing up the property, with which he disagreed, it was necessary to broadcast that the corporate political body would decide whether it was a matter of political error and that, if so, he would have to bear the responsibility. He said of his own deputy prime minister and minister: "Mr. Knazko has his own opinion about certain matters and must analyze the reasons for this himself, but no one supports him." He simply does not have the habit of sparing the feelings of his partners. It is all the more surprising because, as an advocate of a robust and direct political style, he reacts quite sensitively to other people's comments about him.

Certainly, when he was fighting with Messrs. Kucerak and Tatr—"for life or death," so to speak—it was possible, with a little goodwill, to understand when he asked for effect, "Why are you always forcing me to deal with these inferior people?" It would also be possible to understand it when he said of Zitno and Slavik, who were experts specializing in a campaign against him, that "these are the tragocomedic figures of poor wretches." But the statement he directed at the television editor and former spokesman for former President Havel, Ladislav Spacek, is beyond the limits of "understanding." That pearl was: "I'm going to kick your ass, you swine!" The times have changed since they pulled him back from the excesses of the VPN [Public Against Violence] with the KDH [Christian Democratic Movement] and the quiet support of the Hungarian parties. After the elections of 1992, there is no longer any reason to be very nervous, but, despite that, the nervousness somehow continues in his relations with partners and the press community. In August, he complained about the "number of the media," which "are cutting the government off from the possibility of keeping the people informed" because, according to him, "they spread uncertainty and unrest among the people." In September, he expressed the opinion that "the qualitatively new position of Slovakia requires another type of journalism." Thus, "what is required is not self-censorship but ethical self-regulation." If in that way he wanted to enter into the journalists' consciences and exert compliance, it was again a counterproductive step. Almost all who expressed themselves on this publicly, with the exception, really, of the most faithful, said openly that they were worried about their government and not about journalists and the way they should write. The effect of his demands was thus perhaps similar to when he announced in June, right after the elections, that "the temporary director of the CST [Czechoslovak Television], until such time as the institution disappears, will be a representative of the HZDS, so I can enjoy it." Everyone forced him to back off, even those who did not exactly love Mr. Kanturek. This extended his stay in the director's office by half a year. Even the ODS [Civic

Democratic Party], because it did not want to lose face, could not mess with the television director, even though it certainly wanted to. It did not risk being blamed for putting the pressure on Meciar for personnel changes.

Editors of all possible persuasions and inclinations tried to force both the political friends of Vladimir Meciar and his personal enemies to publicly state their opinions of him as a person. Obviously, among the supporters predominate ones like, for example, Hvezdon Koctuch, who know of and see a direct connection between Ludovit Stur and Vladimir Meciar. The coworkers like Rudolf Filkus, for example, prize primarily his forceful character, his dynamic nature, and his rational basis. Michal Kovac spoke in the most detail about his positive attributes, "He has not only an enormous capability of readily reacting, analyzing, and synthesizing, but also and above all the gift of picking up on the elements that do not seem essential to some other person right in the initial process. Second, he is incredibly hard-working.... He can also put up with criticism, although he can get steamed up in his own defense." His conclusion is, "Slovakia does not have a more capable politician at this complicated period." Mr. Kovac formulated his critical reservations rather as indications, "Each of use has his own inadequacies in addition to his strengths. But I have always measured them partly in relation to my own, have compared them with others, and have studied what predominates. It always came out for me as a resultant positive image of the man.... My convictions of his capabilities persist until today."

*** Knazko, Meciar Comment on Conditions in HZDS**

93CH0574A Bratislava SLOBODNY PIATOK in Slovak 9 Apr 93 p 5

[Excerpts of speeches delivered in Trnava on 27-28 March 1993 at the HZDS congress by Vladimir Meciar and Milan Knazko: "Whipping the Boys"]

[Text] When the girls are looking on as the politicians whip each other, it probably is not clear who is to blame. It was a proper blizzard outside the windows when Milan Knazko and Vladimir Meciar got into a row with each other long distance. Pummeling and destruction have entered into the political spring. And, for both of them not to forget immediately their instructional whippings, let us offer some verbal beatings with which they amused themselves at the Trnava HZDS [Movement for a Democratic Slovakia] congress.

[Knazko] I feel it is time for us to structure political life in the Slovak Republic in such a manner as to make it compatible with those countries with which we are striving for economic and security integration. The party we will undoubtedly found will adhere to the line of the liberal democratic parties in the Western countries.

[Meciar] What will happen? Nothing. They have no claims for dividing up the property, and dividing up the movement does not come into consideration because

that is possible only with the concurrence of all of its members, and they cannot get such agreement. So, if someone gets out and founds something new, why would we prevent that? Let them try. If it is viable, it will survive. If not, it will not survive. That is the essence of the democratic system. Something always comes up, and then you take something positive from that movement. So, no fears. We are only interested in the parliamentary alliance.

[Knazko] If anyone else emerges from the ranks, he will not stick out for long. Because I do not enjoy confidence as the deputy prime minister in the government, whose chairman is identical with the chairman of the movement, it would be naive to pretend that confidence in me has been restored within the movement, especially when the prime minister, in his closing speech, to which I had no opportunity to respond, mentioned something along the lines that I should be glad there are some things about which he was not speaking. That is demagoguery and the argument of the 1950's.

[Meciar] That is stupid. What is he crowing about, closing down and limiting freedom of opinion and forming one party? Does he know what the 1950's were? He went beyond the limits with that one.

[Knazko] Now I am only a deputy, but I have taken on one qualitatively new dimension in that I am independent. This is not a bad feeling, even though this good feeling has to balance one that is not good because leaving the movement was not and is not a simple matter for me. I did not identify with the movement, and I will never identify with its leader.

[Meciar] He has declared himself independent. Is such a mandate legitimate? Can he do that? This has to be resolved politically and then in a legal manner. We have already prepared some steps for discussion in this session of parliament, and it is possible that, as early as April, we will get further. That depends on the discussions with the other parliamentary parties.

[Knazko] It is no secret that 41 people voted in such a manner that one can consider it to be a show of confidence. Some people applauded, and the others were quiet.

[Meciar] I assure you that the unity of the movement will not be broken, that 40 deputies represents a force of 20 percent, but I think that, if someone voted for Knazko, it was not against me because many of them were searching for a way out so that a compromise within the movement would have a positive influence on unity in the parliament.

[Knazko] Meciar uses the lie as a method of working—and not just at public speeches, but also in his life within the party. Throughout the entire two-year period, the chairman of the movement has put out untrue public statements. The press and the public in this country, and also to a large degree abroad, noted them, analyzed them, and often commented ironically on them. I permit

myself to say that V. Meciar did not get a good reputation just because of these frequent untruths.

[Meciar] He must also consider a limit to the insults he gives. It is not good when the chairman and the vice chairman start to judge and to blame each other. That also will have its limits beyond which you cannot go. Is he casting doubts on matters that are known to him, when he and others were there? What should he do? He has no program, he has no structure; you gave him a lot of publicity and he got famous, but now he does not know for what. Not for his actions. It is fame on paper only. If he cannot come up with actions, it will not work out well. Moreover, if he should threaten the stability of the parliament and put the country into a permanent crisis that will show up in economic and social matters, what do you think awaits him?

[Knazko] Even beforehand, we (M. Kovac, R. Filkus, A.M. Huska, and I) reached the conclusion independently of each other that Anna Nagyova and Ivan Lexa were distorting the contacts between the vice chairmen and the chairmen. Intrigues, errors in the work, and a generally low level of quality were reasons for which we requested that they be reassigned. The honorable chairman several times promised to reassign them, but he did not keep his word.

[Meciar] I really feel sorry for this person. When he has to sink to this.... Because of you and because of myself I will not lament over him. What is all this about? I have worked out three conflicts. I gain a few hundred thousand, and what of it? Is it worth the lost time and everything to waste energy on Knazko? Will he call me names? Yes, he will. Will he cast doubts? Well, he has no other possibilities. He has no program "for." He must set himself up "against" something. And so he makes it personal. Today it is me, a month ago it was both Kovaces, and before that it was the minister of finance, partly with Cernak. Before that it was other people. It is a permanent revolution. Now it is time to stop this tearing down and to start building. If it was a matter of demolishing something, I would call on Knazko again. But when it is necessary to build, I will not do that.

[Knazko] I think that the time of movements and ethical revolts against something is behind us and that we will look for normal political mechanisms and solutions that will not require revolutionary methods of work.

[Meciar] Knazko needs to build up some reserves for the future. Today it is the pose of the hero. He is fighting against Meciar, for democracy, for European integration. And tomorrow they will say to him, "Now what? What results have you had? Where is the party you are building?" Tomorrow it will be more complicated.

[Knazko] Everything testifies to the fact that I am trying to found a new political entity that gives an opportunity to the young people, those with middle and higher school educations, and to the small and middle-sized entrepreneurs, to people who have ambitions they want to

discuss and do not passively receive care or other people's opinions. These are only very general theses that I can put forth today, but rely upon it that, if I want to remain in politics, it is in order to work in it professionally and not on the basis of improvised, forced steps or some kind of feelings.

[Meciar] Here is a realistic analysis of the facts and the data and realistic alternative possibilities. There are not too many alternatives in the elections. If the programs of other parties also come into being, in relationship to ours they will be mutations that will emphasize one aspect or another of matters as a priority and will differ more in the formulation than in the solutions. We have an advantage in that we are the first to put together such a program, which we have submitted to the public and to the other parties. We have already found the VPN [Public Against Violence] program in the program of other parties. Our preelection program was likewise found in some other places, and the current program will again be found elsewhere, so why should we get angry over that? When they incorporate our ideas in a broader sphere, all the better. The parties will not be distinguished by what they vote for. They will be distinguished by the means, the progressive nature of the steps taken, and the capabilities of the entire structure to implement organizationally and intellectually what it promises.

[Knazko] I think that the government will approach the solution of problems all the more responsibly so that, by its work, it will convince the parliament to support it. Probably no one will tell you his time perspectives, and, if he does, it will not be serious. He will indeed lose support, but even the parliamentary parties that are not in the coalition do not necessarily have to be against the government if it makes wise decisions. Few parties want to work against the interests of the country, so they will support the government as well in the activities that are in the interests of Slovakia's prosperity.

[Meciar] Without a doubt, you can find people who sympathize with him. Setting up symbols is both a grateful and an ungrateful act. It is ungrateful in that, once you play a positive role, you do not have a claim for a lifetime pension and lifetime respect. You have to defend those every day yourself. What will happen next? There is no big excitement coming. On the contrary, we departed from the meeting with the feeling that we are going into something new. Let us forget about Knazko and let him live his own life. Now he will be a grateful object for you and will call people names, but you should also think about how long people will continue to quote him.

* Regional Secretary on KSU's Political Mission

93CH0581B Bratislava SLOBODNY PIATOK
(HORIZONT supplement) in Slovak 16 Apr 93 p 10

[Interview with Pavol Luptak, regional secretary of the Christian Social Union in Central Slovakia, by Anton Balaz; place and date not given: "Ours Is a 'Free Hands' Policy"]

[Text] The SKDH [Slovak Christian Democratic Movement] Christian and national program in last year's elections addressed the largest number of voters in the Central Slovak region, where the post of regional secretary is held by Eng. Pavol Luptak (b. 1959). The first question of our interview therefore was: In what way, in your opinion, can the KSU [Christian Social Union] address secondary school students?

[Luptak] Even though it may seem paradoxical at first glance, the KSU in the next elections must again address the voters with its Christian and national program—national because, even in the reality of an independent Slovak state, parties that had adhered to a federal orientation treat Slovak statehood as an unwanted child. They cause harm to Slovakia's image abroad, and sometimes I have the impression that they act according to the slogan "The worse, the better." After 1 January 1993, the second stage of the battle for Slovakia began. The issue in it is Slovakia's place in Europe—when it will be reached and what kind of place it will be. We know from history that Western and Eastern culture intersected on our territory. And it is precisely such a geopolitical position that would best suit Slovakia—being a kind of bridge or connecting link between West and East. And why a Christian program? Because Christian Democracy in Slovakia failed miserably during the last election. We therefore set ourselves the goal of restoring the voters' confidence in Christian Democracy, without which it is hard to create the kind of distinct political scene that is needed in Slovakia. We offer voters a policy in which yes really means yes. Were it otherwise, the nation would see through it and relegate such Christian Democracy to the periphery of the political spectrum—as happened after last year's election. In our politics, the voter must not feel a certain sense of fundamentalism and, I am not afraid to say, a Christian pride that we signify something that is above others because, in the past, we possibly suffered more than others.

[Balaz] One might describe you as a pioneer of canvassing. Explain to the readers its purpose and elaborate on its polling technique. And what results does your canvassing bring at present, a time of considerable political apathy among Slovak citizens?

[Luptak] I think the word "pioneer" is somewhat too strong, but I will tell you where I have encountered this method of agitation. In the past three years, I had the opportunity to participate in several training courses on the tactics of managing an election campaign. They included experts from the British Conservative Party, the U.S. Republican Party, and Austria's People's Party. And all of these experts know of no better system of addressing the classic voter, who does not attend party events and does not follow politics in the mass media. In the United States it is called not canvassing but voter identification. The basic principle of this method is very simple. It is governed by the rule that, if a voter will not go to meet a politician, the politician must go to meet the voter in the street. There are, of course, many forms of this agitation, but the knowledge I and other KSU

members gained in courses lasting upwards of a year, for which good money was paid out, there is what I regard as a certain spiritual property of the KSU, and that applies also to the result of those investments.

[Balaz] You move about the region that has been hit hard by the poorly thought out conversion of armament industries. What realistic way do you see out of that situation? How can the economic decline of Kysuce and Orava be halted and the region given impulses for development?

[Luptak] The subject of conversation can be addressed in two ways. The first would be how the majority of politicians and economists respond to it in the mass media, and I would characterize those responses as follows: They talked a lot and said nothing. But, if that problem were to be analyzed in its entire complexity, one would have to analyze also such aspects of it as the transference of state property in the armament industries to various private stockholdings, the question of enormous commissions for the sale of tanks, and the evidently faulty steps the former government—specifically the then prime minister Carnogursky and the minister of economics Belcak—took in the matter. Last but not least, we must recognize that, if we in Slovakia want to take a step forward in the matter of conversion, no one outside can tell us that we stepped on his toes. The Orava and Kysuce regions are also a classic example of the so-called socialist industrialization, when heavy industry was placed in the midst of virgin nature.

Elsewhere in the world, governments protected such localities and earned capital from them by developing tourism. I see the remedy in achieving a balance between man and nature, a gradual downsizing of heavy industry in those regions, naturally with the inevitable assistance of the state. Tax breaks are necessary here to support the development of infrastructures for the tourist industry, which ultimately will redound to the benefit of a significant part of the local population.

[Balaz] You belong to a generation that has a skeptical view of politics. How did it attract you? And how could it attract your contemporaries so that independent Slovakia would at last have available a generation of educated and experienced politicians?

[Luptak] I have to say that I was already interested in politics during the totalitarian regime, when I was active in Christian dissent. After November 1989, this activity was allowed to come into the open, and, along with friends, we helped found the VPN [Public Against Violence] and the KDH [Christian Democratic Movement] in Martin okres. I was drawn to politics by a sense of justice and a feeling of knowing when we stand "on the right side of the barricade." Political work is immensely demanding in terms of time and physical exertion. On the other hand, one gains in this work plenty of experience that cannot be gained elsewhere and meets many interesting people, from whom one can learn a great deal.

That is precisely what could make political work attractive to young people. As for KSU politics specifically, the thing that can attract young people is that we carry on a policy of so-called free hands, where yes really means yes.

* KDH Success in Local Elections Noted

93CH0575B Bratislava NOVE SLOVO BEZ
RESPEKTU in Slovak 17 Apr 93 p 7

[Commentary by Jan Sopoci: "KDH Paradoxes"]

[Text] One of the paradoxes of our political scene is the continuing decline in the position and influence of KDH [Christian Democratic Party] in Slovak "big politics," which contrasts with the continual solidification of the position of this political entity in local politics. There the KDH position keeps growing stronger; its original 28-percent share of deputies in local governments and 20-percent share of mayors elected in local elections in 1990 increase after every by-election at the cost of the other parties. What can be the reason for this difference in KDH success in the two main spheres of its activity in Slovak politics?

One of the reasons is obviously the difference in the way KDH conducts its "big" and local politics, and also of course the difference between the top and the local KDH politicians and the way they work. The analyses of election results showed that in the local elections our citizens tended to elect personalities rather than political parties, whereas the opposite happened in the parliamentary elections. However, in spite of that, local politics in our towns and villages today is a microcosm of our "big" politics; it has the same partisan differentiation, conflicts, etc. Studies show that at the local level our citizens positively rate the activities of KDH clubs (from among the local organizations of our parties and movements they are the most active, and they also cooperate closely with the Roman Catholic Church) and they trust their representatives, paradoxically regardless of the fact that they like and trust the top leadership less and less.

These leaders, in contrast to their colleagues-politicians at the local level, managed during the past three years to squander in a wondrous way the previously large KDH political capital. Their efforts to inject Christian morality (especially in the area of educating young people, in fighting immorality, liberalism, and abortions) into the life of our society lost them the favor of a considerable part of their former adherents. The implementation of their economic policy for one year convinced yet more citizens that KDH does not have the experts to be able to manage the transition from a planned to a market economy without causing a decline or even ruining our national economy (KDH managed to do that particularly in the area of agriculture, where the most painful consequences of its ministers' actions continue to be felt), and their approach to resolving the issue

of Czech-Slovak relations and the establishment of an independent Slovak state even caused KDH to splinter into two political entities.

As a result of the ineffectiveness of its leadership, KDH today is in the position of a well-defined, but much weaker opposition, moreover with the prospect that it will stay that way for a long time to come—at least under the present leadership. It is interesting that in spite of all the KDH failures the greater part of its top leaders remain firmly entrenched in their positions and that for the time being we do not hear from the membership base and local KDH politicians any calls for those who are responsible for the failures of KDH in the "big" politics and who are unable to take advantage of the KDH results in towns and communities, to step down. Or is the reason merely a question of a temporary "stability"?

Be that as it may, the effect of the widening gap in KDH, whether it is the growing successes in the local politics or the deepening lack of success in the "big" politics, definitely deserves the attention of our other political entities and all those who pay attention to or analyze our political scene.

* Cernak Gives Reasons for Resignation

93CH0575A Bratislava NOVE SLOVO BEZ
RESPEKTU in Slovak 17 Apr 93 pp 4-5

[Interview with Ludovit Cernak, chairman of the Slovak National Party and former minister of economy, by Antonia Vymazalova and Milan Holub; place and date not given: "Give Experts a Chance"]

[Text] It has been a week since the Minister of Economy Ludovit Cernak, the only member of the government with a different political affiliation than all the others, resigned and we talked to him. In the life of every person, and a public official especially, there comes a moment when he must listen to the voice of his conscience if he wants to keep his self-respect, as well as the respect of others. Cernak did not fail at that moment, and it is obvious that this act gave him new strength for his future work—in his words—for the good of Slovakia.

[NOVE SLOVO BEZ RESPEKTU] Mr. Chairman, let's begin with some of the reasons for your resignation. First of all, let's talk about the reservations about the personnel policy in the state administration which are increasingly being heard from the public, even in the form of petitions.

[Cernak] We spoke several times about the fact that the current personnel policy should not be based on affiliation to some party, that Slovakia does not have so many experts that it can afford to waste their talent, that everybody should lend a hand to the common cause. In the end, talk was all there was. I shall mention a specific example in the field of education. We recommended 12 people from the ranks of our sympathizers, mostly not even members of SNS [Slovak National Party], who had the trust of all political parties, to positions in okres

school administrations. Not even one of them was placed in those administrations. We had the feeling, in fact, that by recommending them we did them more harm than good. The opposition has been fighting for a long time against the concentration of power in the hands of the ruling movement, and we supported it in that. The requirement that some key controlling agency and other agencies—the Highest Control Office and the newest Slovak Information Service (SIS)—be entrusted to its representatives or independent individuals we considered to be proper even at the time of our, so to speak, silent coalition with HZDS [Movement for a Democratic Slovakia]. We protested the HZDS plan to appoint I. Lexa to SIS, because on principle we are against putting such a key institution again into the hands of this movement. It could be the final link that would make the concentration of power complete. Therefore I asked the president at the time I was submitting my resignation not to appoint Lexa to head the SIS. If that were to happen, we in SNS would have to reevaluate our position and determine whether to shift from a constructive opposition to an open opposition. For years we have witnessed how political affiliation was the number one criterion and expertise only came second. Nothing worse could happen to us than to go back to this kind of personnel policy. On the contrary, we should depoliticize our thinking and our life as a whole and begin to give the experts a chance.

[NOVE SLOVO BEZ RESPEKTU] The second of the serious reasons for your resignation could be characterized as dissatisfaction with the lack of coordination in activities abroad, especially on the part of the prime minister.

[Cernak] The prime minister is a man who wears himself out in his work. He is unable to delegate work, he is unable to trust the people around him. Everything the government decides or everything he signs must have the dimension he is convinced is the right one. Although his visits abroad have been rich in terms of the agenda, and his speeches and arguments mostly made a good impression on the people he met, that was as far as it went. No coordination, no control, no concept. Under normal circumstances, several departments would work for several months on preparing a foreign trip by a prime minister. When the prime minister in question then sits down across from his partner, he is able to deal with specific issues. After his return, there is feedback—what was transacted is projected into even the lowest level. That did not happen here. As an example of the lack of coordination, I would cite his last trip to England. The prime minister called on my British counterpart Haseltine, about which I learned from television. During this visit it was not I who sat next to the prime minister, but other members of his entourage who had no business being there. And I am not even talking about diplomacy as such. The fact that on his visit with Minister Kinkel in Germany he did not take along our Minister Knazko made a very negative impression on the diplomatic community. According to diplomatic custom our minister of foreign affairs should have been there, even if he

flew in just for that one-hour visit. The prime minister's trips are planned only by the Slovak Government Office without coordination with the Ministry of Foreign Affairs. That has often resulted in two-track arrangements, with all the negative consequences abroad.

[NOVE SLOVO BEZ RESPEKTU] You participated in the work of the present government for more than eight months. Apart from what we just talked about, where did the work of the cabinet diverge most from your ideas?

[Cernak] The last straw, apart from those about which I already talked with the journalists, was the attitude of the government, which is making itself into a body that cannot be criticized. For example, I was severely rebuked for pointing out how inexpertly some members of the government approach the problems of the economy. When I made the statement that I was bound by nothing but my conscience and the rules of debate, Mrs. Tothova with great initiative proposed a change in the rules of debate. According to that proposal—I expect they will quickly adopt it—practically everything that is said within the government will be confidential, and on the outside every member will be bound by strict secrecy. Since this rule was not yet in force before my resignation, and still is not in force, I can answer your questions....

Two negative factors from the debates of the government stay fixed in my mind. First, the party principle is dominant in the government, although it calls itself the government of experts. In one-party government the partisan interest naturally ranks high. Second, its debates are very ineffectual. The ministers work in many other agencies and often leave the debates to attend to other matters. They have little time for cooperation with other departments, and often even for work within their own department. Moreover, the government would sometimes debate at great length about all kinds of details in the submitted material, about matters of secondary importance, at the cost of greater conceptuality.

[NOVE SLOVO BEZ RESPEKTU] Your work in the government was by and large successful, although there is no lack of effort, and obviously will not be, to cast doubt on it, and although several previously independent departments were incorporated in your ministry. Even your resignation from the government went smoothly. In contrast to Minister Knazko, whose case was decided by the president under pressure of the prime minister's position that "either he goes or I go." By the way, the prime minister does not admit taking such a position.

[Cernak] That the prime minister used his typical form of pressure "either he goes or I go" there can be no doubt. The public can form its own correct opinion from the information it has. As a matter of fact, the public was able to observe a similar tactic two years ago in the Andras affair. Everyone has a certain way of doing things ingrained in them, and it is very unlikely that given the same kind of situation they will act differently. When on the other hand I put myself into the president's shoes,

being under such pressure he had no other choice. But the prime minister should not use this tactic too often. I believe that the president is a sufficiently strong person to weigh future developments strategically and conceptually. It could happen that if the prime minister were to use this tactic again, the president might accept his resignation.

[NOVE SLOVO BEZ RESPEKTU] In the statements of its chairman, the ruling movement has thus far rejected the possibility of broader cooperation with other political entities. Is it realistic to expect that it will change its stance? And if it does, for example through resolutions in the Trnava deliberations, will that not be only making virtue out of necessity? Will it not go back to its past practices at the earliest opportunity?

And on the other hand: How do you envisage SNS cooperation with other parliamentary parties, and does this cooperation have a chance to stand up to the HZDS practices?

[Cernak] As I emphasized earlier, we all have encoded in us a certain way of thinking, working, dealing with issues, a certain degree of willingness and ability to cooperate with others. What has been happening lately on the domestic political scene made it perfectly clear to all parties that any promises of cooperation—for example, the Christmas agreement in Trencianske Teplice, the offer to name people to some positions—are more or less political maneuvers on the part of HZDS, playing one party off against the other. In reality it is a deeply encoded unwillingness to cooperate constructively. HZDS with its chairman at its head has opted for a one-party government. The fact that we joined the opposition is a clear signal to the entire domestic political scene, as well as to Europe, who we are, where we stand, and what we want. Simply, we are no longer willing to silently participate in the HZDS government. From the standpoint of its future, Slovakia cannot afford a repeat of 1991, some contrived intervention or step that would create in the public the impression of a lack of seriousness and responsibility. What I am saying is that Meciar already left the government once and then with a great show of pathos returned to it. He wants to govern by himself. Our party, and I believe other parties as well, are giving him the opportunity to do it. In my opinion, it is a little too much to put on the shoulders of one movement, a minority government, and one man.... But we and the other opposition parties do not want to take that opportunity away from him. All political parties have learned a sufficient lesson that it does not pay to make a martyr out of someone.

SNS had only one goal when it left the government: to help end the fragmentation of the opposition forces and for the opposition to become an alternative for Slovakia. Slovakia must not slide into a permanent state of political crisis and instability. A normal, cultivated political regime must take power. Does the political force that won the past election rule by itself, without a coalition? Let it. If it becomes too much for it and it succumbs to

the difficulties, an alternative will be available, which will be the opposition. A united, cooperating opposition, ready to solve democratically and without any unnecessary shocks the problems that arise.

[NOVE SLOVO BEZ RESPEKTU] And what until then, until the alternative is in place?

[Cernak] On the parliament level we must prevent by democratic means and mechanisms an unhealthy concentration of power in the hands of the ruling party. Make certain that we do not return to the kind of situation when everybody had something on somebody and abused the information to exert pressure, to the time when people were afraid to open their mouths, to the era when a citizen would withdraw into his shell, his family, his house and only there would talk politics, only there he would really live. We must not go back to such a time. I think that the opposition in the parliament is strong enough not to allow that to happen.

*** Commentary Prefers Self-Reliance to Neighbor's Help**

93CH0581A Bratislava SLOBODNY PIATOK in Slovak
16 Apr 93 p 3

[Commentary by Jan Sopoci: "After a Poor Start..."]

[Text] The first months of an independent Slovak Republic have confirmed the forecasts of those who pointed out that a new state, weak economically as well as in other respects, will be an easy mark for each of its bigger and more powerful neighbors, who will seek to resolve their own problems also at its expense. The general expectation was of a Hungarian offensive (mainly in the matter of Gabcikovo and the Hungarian ethnic minority in Slovakia), and today many are actually surprised that it has not been as vigorous as they had expected. So it was all the more surprising to many to see Czech politicians treating the Slovak Republic in a harsh, uncompromising, and even unfair manner.

Suffice it to recall the failure to honor agreements on the nonuse of CSFR state symbols, on recognizing state citizenship, on the inviolability of stockholders' property, and so on and so forth. And Slovak politicians are left (sometimes for objective but sometimes also for subjective reasons) holding the shorter end of the stick. At least when we tally up our victories and our defeats, our gains and our losses from the Czechoslovak negotiations, we can console ourselves with the thought of how lucky we are that our other neighbors are not treating us in similar fashion.

Until now, Slovak politicians, alas, have not come up with any idea on how to extricate themselves from the unenviable position of a weaker partner, the "younger brother" from the former Czecho-Slovak union, nothing that would allow them to overcome this situation or reverse it in Slovakia's favor. We are left only with hopes

that they may still succeed in doing so, even though everyone sees clearly that the task is enormously difficult.

Small, weak countries have a number of ways to seek their "place in the sun." They can become allies of bigger, more powerful states (which is not acceptable for us, mainly owing to our historical experience). They can try to position themselves in the role of partners equal to other states (which may not work, especially over the long term). They can make use of their distressed situation to obtain assistance and support from richer countries (which is undignified and, in most cases, ineffectual). Finally, they can mobilize their intellectual potential, evaluate their strengths and weaknesses, and devise a strategy on how to base their prosperity on the former and gradually eliminate the latter. In this way, on the foundation of one's own economic and other strengths, it is possible to also build the country's international position most effectively, but that is the most difficult road. Yet it is the road that has been traveled by all small but ultimately prosperous and internationally respected countries.

Today, it is becoming evident that the first stage of building our state will very likely not result in a positive balance sheet but, on the contrary, set Slovakia back several years, mainly in the economy (especially in the consequences of failing to manage the transition from a government-planned economy to a market one, without a substantial downturn). Hence, it is even more imperative to give urgent thought to the strategy and tactics of the second stage, which should be the stage of stabilization (unfortunately, at the bottom) and a subsequent recovery, ultimately creating the conditions for economic growth.

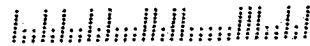
Slovakia, still situated on the periphery of Europe, in my opinion should take a lesson in devising strategy for the second stage from the example and experience of countries that decades ago sought to approximate or catch up with the most advanced European power of the time, Great Britain. Their example is of interest especially because they began rebuilding their economies by a state policy seeking to stabilize domestic agriculture and, on the basis of its advancement, impart dynamism also to other branches of industry that were in some ways connected with the production and the processing of foodstuffs. Several such European countries (including small ones—for instance, Denmark and the Netherlands) used that strategy to establish and for a long time stabilize their own economic, political, and social situation and secure their prosperity. In the situation that now faces Slovak agriculture, it would be well worth learning from the example of those countries, even though the example dates back several decades. However, the attention to agriculture that continues to be shown by all advanced European countries offers eloquent testimony in this regard even today.

But, of course, there are also other opportunities to learn and draw inspiration from the example of the more successful European countries in devising a strategy for Slovakia's economic development in the coming decades. They must replace the present improvisations called for propaganda or other reasons a "pragmatic" economic policy, just as our present government has declared in its program. We have enough well-qualified experts whose work will be able to confirm the Slovak saying that the more difficult the start, the better the final end.

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